The MAGAZINE of WALL STREET

April 20th 1929

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Market Credit Crisis Exaggerated

Says CHAIRMAN McFADDEN
of the Committee on Banking and Currency
of the U. S. House of Representatives

Six Season Stock Opportunities

By The Magazine of Wall Street Staff

The Real Measure of Aviation Securities

By Gerard V. Worthington

Vol. 43 No. 13

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Vol. 43 No. 13 **April 20th, 1929**

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. . . and so to bed . . . late . . . too much supper . . . wish I could get to sleep . . . bad dreams . . . business worries . . . dog barks . . . baby cries . . . time to get up . . . jangled nerves . . . irritable skin.

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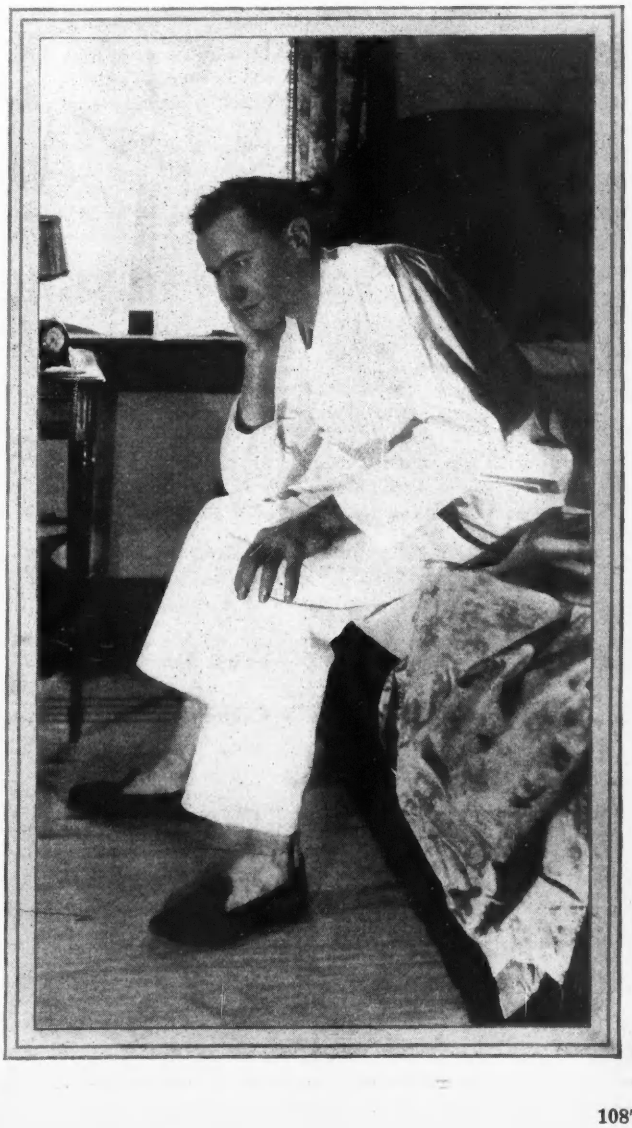
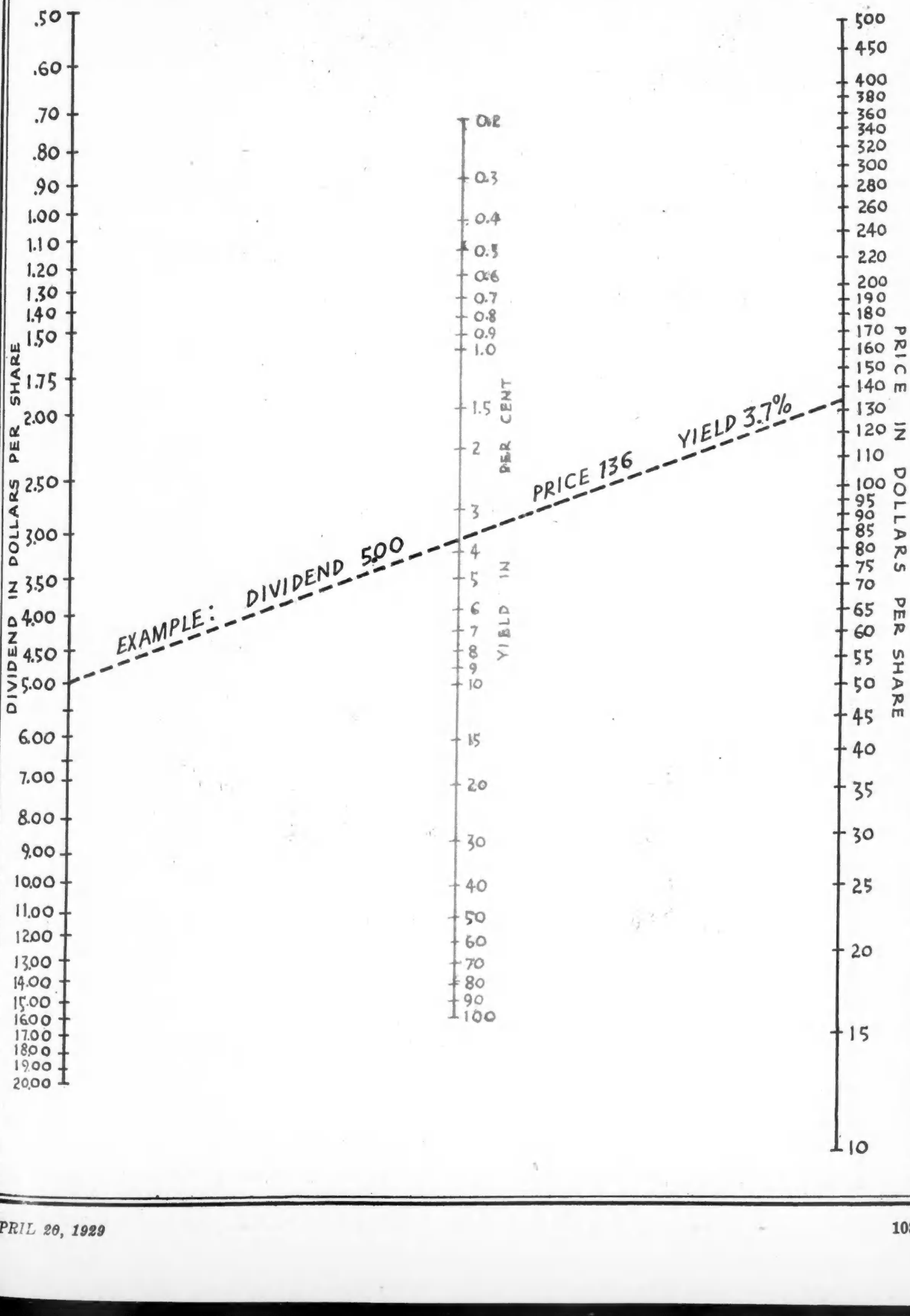


★ ★ ★ **Gillette**

A QUICK METHOD FOR COMPUTING YIELDS ON SECURITIES

A straight line from the dividend to the price shows the yield where it crosses the RED line



A Hundred Thousand Crowns For a Lump of Sugar!

"Magnificent!" exclaimed the Doge as he gazed upon a glistening cone of white sugar. "Let the grand award of one hundred thousand crowns in gold be given to this worthy citizen who has brought to our beloved Republic this priceless invention."

Venice during the middle ages was the great European center of the sugar trade; and it is an historical fact that near the end of the fifteenth century a Venetian citizen was awarded 100,000 crowns for having invented the art of making loaf sugar.

It was some years ago that the process of refining sugar was brought to its present state of near perfection. There seems to be little room for improvement in the quality of the product. There is, however, much progress to be made in the methods of growing sugar cane and the science of cultivating and breeding known varieties of cane with the object of producing plants more resistant to conditions and higher in sugar content.

In 1921 there came a near-crisis in the American sugar-growing industry. Louisiana planters whose families had enjoyed a profitable business for many generations found that high costs, low yields and other troubles threatened the industry with extinction. A conference of planters, bankers and scientists resulted in the introduction of new seed stocks, the so-called "P.O.J." canes from Java. This and the improvement of planting and conversion methods have brought remarkable increases in production and a generally healthier trend in the industry as a whole.

The South Coast Company has been an important factor in this development. Its story and that of the Southern Sugar Company of Florida are outlined in an illustrated booklet which will be sent upon request.

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Mills and Plantations in Louisiana

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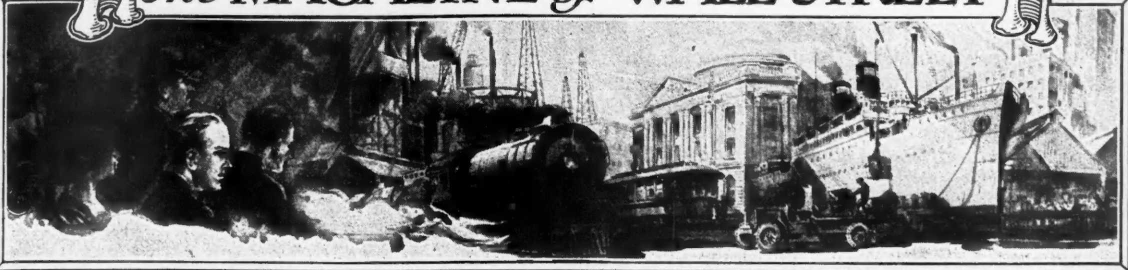

INVESTMENT & BUSINESS TREND

Reflections of High Money—Oil Conservation—The Business Outlook—Official Statements—The Market Prospect

COLLATERAL loan rates continue to command a premium over all other classes of loans in the open market. This unusual condition is attributed directly to the Federal Reserve influences at work in the money markets. The purpose of the Board was to make it inordinately costly to carry securities on margin, and therefore to discourage speculation and lower money rates. However, the result has turned out to be quite different. Actually, the high interest charges on open accounts have failed to diminish speculative enthusiasm. Traders are paying from eleven to twelve per cent—perhaps a little grudgingly but they hope to make it up in a nice market profit. Thus the banking officials at Washington are confronted with a new problem which they probably did not calculate in their plans. For the high collateral loan rates, in both time and demand loans, have superceded the Federal Reserve rediscount rate as the true indicator of money rates in New York as far as international transfers are concerned. Already large foreign credits have been allowed to accumulate in New York and, slowly but surely, the drain is being felt on the currencies of foreign countries. Shipments of gold out of the United States have given way to imports from foreign centers to New York. Several of the central banks abroad have raised their bank rates to check the outflow of gold and the net result is that the Federal Reserve officials are unable to make good on the cooperation which it is understood they have offered to foreign bankers. By informal agreements, it is reported that international bankers have attempted to block the flow of gold to New York. Several "triangle transfers" have been arranged as an expedient, but the powerful attraction of high call money rates cannot long be withstood. During the second week of April over 31 million dollars worth of gold came here, partly by direct shipment and partly by the release of gold released from "earmark" by the Bank of France as the result of a triangular transaction with Germany. German and Canadian currency have fallen below the gold shipment point and other exchanges are dangerously near this level. From all of this backing and filling in gold transfers, the Federal Reserve is building up its gold reserves, despite the efforts to drive out the precious metal and the talk of "gold embargoes" heard abroad. Since the start of the year, the gold reserves of the twelve Reserve banks have increased almost 200 million dollars and since the low point reached in July, 1928, the system has recovered almost half of the gold lost through the artificially stimulated export movement. This movement started quietly in September, 1928, and has continued with accelerated impetus ever since.

* * *

OIL CONSERVATION DESPITE the unfavorable interpretation of the law by the Attorney General relative to the concerted efforts of the petroleum industry to curtail output, the outlook for oil is not without encouragement. Not only do domestic producers recognize the urgency of control of excessive production and give evidence of its accomplishment, but the world at large is more alive to the demand for conservation. A friendly arrangement has recently been documented between British interests

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and the Soviet distributing agency, which had been responsible for drastic price slashes in gasoline and kerosene on the British Isles, and the price situation there is correspondingly stronger. Perhaps as a repercussion of this arrangement, it is announced that Sir Henry Deterding, head of the powerful Royal Dutch and Shell Union interests, promises full cooperation to American plans for conservation. It is beside the point that since Sir Henry no longer needs the American oil at cheap prices to combat Soviet competition he will now cooperate in curtailment. The important thing is that his companies in the U. S. which were among the leaders in the aggressive drilling which finally floded both domestic and foreign markets will be ordered to limit their activities in this direction.

* * *

THE BUSINESS OUTLOOK

SUCH of the early first quarter earning statements as have appeared give evidence of a favorable profit position so far this year in a diversity of industries. Moreover the usual barometers of trade and industry continue to indicate high activity in producing and distributing lines. An early spring has unquestionably provided further stimulus to business conditions already at levels in excess of those of a year ago. The question naturally arises of whether this pace can be maintained. The inherent strength of current business, the firmness of prices accompanied by high purchasing power and the absence of severe labor disturbances, the favorable dimensions of inventories (if we do not think of goods sold on time payments but not yet paid for as transferred inventories), all suggest that a continuance of present levels is likely. But much depends on the credit situation. So far the pinch has not been acute and funds have been in sufficient supply for commercial needs but prolonged extension of present money rates may conceivably foster a more pronounced summer slackness and delayed fall recovery than is customarily experienced.

* * *

OFFICIAL STATEMENTS

APPARENT denials of all knowledge of impending mergers, acquisitions and important changes in policy on the part of high corporate officials have recently been all too commonly followed by consummation of the very object of the denial. The public which naturally looks to the company involved as an authoritative source for confirmation of rumored fact has not infrequently been dismayed by misleading statements. Of course it is conceded that a company, for its own best interests in the furtherance of its plans, cannot always take the world at large into the bosom of its confidence. No one in his right senses expects the discussion of half completed plans where it would prove disadvantageous. At the same time more candor from corporation spokesmen could accomplish a great deal in the establishment of public confidence. Some officials, it is true, already sense the value of outspoken frankness and it is a curious commentary that their business operations are as successful as their frankness is commendable.

* * *

THE MARKET PROSPECT

AFTER moving in sidewise fashion, with a number of stocks making new low prices, the market has regained some measure of its former confidence. It now seems reasonably certain that the Federal Reserve will apply sterner restrictive measures only if its hand is forced by a renewal of undue speculative excesses in the stock market. The fact that brokers' loans have declined for three successive weeks and indications that the money crisis has been passed, have tended to hearten interests committed to the constructive side of the market. Accordingly, they have taken advantage of the calm in the credit situation and the improvement in the market's technical position, which has resulted from the recent scattered liquidation and short selling, to push stocks upward in a fairly strong recovery. It is doubtful that an attempt will be made to translate this recovery into an immediate resumption of the bull market on an extended scale, since to do so would require that the public be brought in en masse once more. Such an eventuality would cancel the progress thus far made in respect to the lessening of credit employed in speculative operations and force the Reserve Board to make good its threat of "employing other methods" to curb the reabsorption of credit by the stock market. In view of the possibility that some further liquidation of weakly held, over-valued stocks will be necessary to set the market on a thoroughly firm footing, the selection of commitments should be attended with extreme discrimination. Meanwhile, of course, stocks that are well buttressed fundamentally should experience no more difficulty in pushing forward than they have heretofore.

Monday, April 15, 1929.

United States Its Own Competitor Abroad

Exports of Capital Versus Exports of Commodities—Our Factories Require Foreign Patronage Whilst Our Bankers Finance Competition That Stifles Exports

By THEODORE M. KNAPPEN

"OUR export trade is gone," a hardware manufacturer told the Ways and Means Committee of the House of Representatives during the recent tariff hearings.

"What became of it?" was the substance of the question that followed.

"We transferred it to a plant we own in Germany," was the answer, "where we employ six hundred men to do the work formerly done in the United States."

"Why did you do that?"

"Impossible for us to compete with our American made goods, because of higher labor costs."

Other manufacturers told of excess productive capacity of various American industries—up to 50%, complained that they had been driven out of the foreign markets and were even suffering from destructive competition with foreign goods here at home.

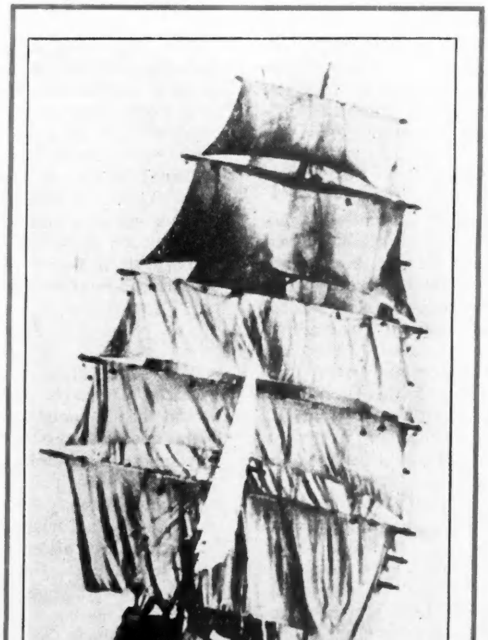
At the same time unemployment is increasing in various American industries because of increasing efficiency, and American capital is going abroad to employ cheap foreign labor with American labor saving machines to produce goods that will oust American goods from foreign fields.

Prosperity and Foreign Markets

If we assume that most of the American capital that is going into foreign plants and investments was made from the profits of manufacturing plants in the United States it then appears that American manufacturing prosperity is resulting in the destruction of foreign markets that are sorely needed to continue and expand prosperity. Briefly and extremely, it might be said that American prosperity is destroying itself.

One American concern that has extensive plants in India with which to supply its foreign business stated that labor costs were only 30% as much in India as in the United States.

No wonder that Matt Wold, of the American Federation of Labor, contends that the export of capital should be prohibited.



The foreign world is already saturated with American capital which can be profitable to its owners only through the success of foreign industry, frequently in competition with American industry. The present limits of investment of capital in further productive enterprises at home have been reached in many industries. At the same time there are unlimited funds seeking profitable investment. We have reached the tragic dilemma that overtakes every nation when it becomes a great creditor nation.

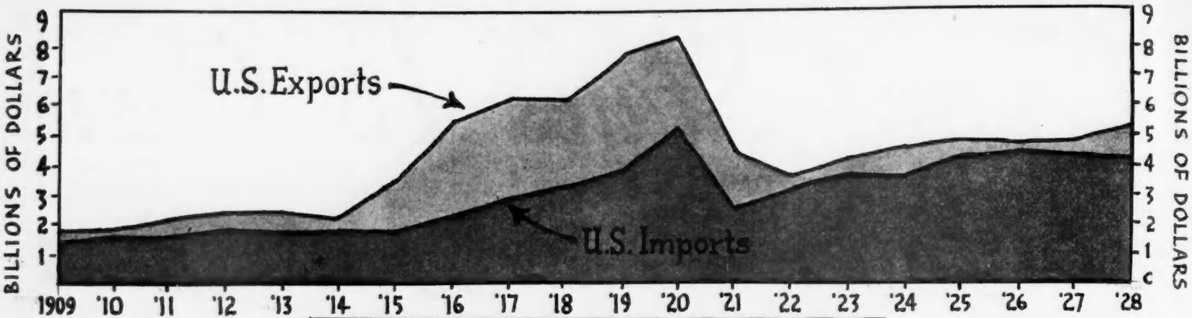
With this dilemma acutely posed we are facing a tariff revision that may be so extensive and so prohibitive that it will result in reprisal tariffs all over the world that will make it harder for our exports and easier for our money to get out.

It is not the purpose of this article to give the answer to the dilemma, but the hope may be expressed that in the end exported American capital will give rise to new demands for American products, thus increasing exports, and that we may go much further at home with the improvement of living standards and the increase of domestic consumption of domestic goods.

Growing Foreign Factories

It cannot be doubted that American manufacturers are becoming more and more interested in foreign markets. They are seeking them in two ways—direct exports from the United States and American or American-owned plants abroad. So far, both exports and plants are increasing. It is roughly estimated that there are now about 2,000 American branch or American-controlled factories abroad, about half of them being in Canada. But one wonders how long this process can continue without seriously interfering with exports.

Take the automobile industry, for example. Ford has estab-



lished complete branch companies in England and Germany, and General Motors has just acquired a very large interest in the largest automobile company in Germany. How can these plants be operated on American quantitative production lines without absolutely or relatively reducing the exports of the two groups from the United States?

The American investor may say that he is not much concerned how the prosperity of his automobile company is maintained, whether through export of capital or export of commodity. But what if the game is rigged so that he cannot get a share of enterprises promoted by his company? The British and German investors are being given the first preference by Ford in his plants in Britain and Germany. And there is the case of the British General Electric Company, which actually undertook to deny to its American shareholders participation in a new stock issue. Then there is the further consideration, which must never be lost sight of, namely, that the growth of American productive investment abroad inevitably increases the pressure of foreign-made goods to get into the United States in order to liquidate dividend, interest and capital repayment obligations.

Exports of U. S. Manufactured Goods

(In millions of dollars)

	Total Value of U. S. Manufactures	Per cent Exported
1899	7,600	10.5
1904	10,000	9.2
1909	13,700	7.8
1914	16,200	10.0
1919	39,250	14.6
1921	27,700	10.3
1923	39,050	7.0
1925	40,400	8.0
1927	41,000	8.0

Need for New Fields

Unless the actual exports of American automobiles can be greatly increased it is certain that there will be a vast diversion of capital from the United States to foreign countries. In one sense the United States has already reached the saturation point in automobiles. Further increase in domestic consumption must depend on increase of present population—of established outlets. There are no new fields at home. The continued or new prosperity that comes from expansion must be sought abroad. There is little doubt that the lion's share of the "automotivation" of the world will fall to American capital or American management, no matter how much participation may be accorded to domestic capital in the various "invaded countries." Investors may, therefore, look with selfish equanimity upon the extension of this American industry abroad, although the prospect may not be so good for the people in general. What the foreign market already means to the automobile industry—with most of the world still guiltless of good roads—is suggested by the fact that whereas in 1910-14 we exported only 19,000 cars annually, and in 1921-25 only 150,000, the number exported in 1928 was 507,000. The last figure represented 11.6% of the total production. Practically, every time nine cars are sold at home one is sold abroad. To this must be added American cars made and sold abroad, when considering what the foreign market means to this industry.

The American industry that is now most dependent upon foreign outlets is copper, unless we consider motorcycles apart from the automobile industry. The outside world takes 45.5% of our copper output. It may therefore be asserted that copper companies and copper securities are vitally dependent upon exports. More than half of the domestic production of motorcycles goes abroad; 40.2% of the typewriters; 16.9% of the cash registers; 25.2% of the sewing machines; one in every four of the locomotives; one-third of the lubricating oil; half of the turpentine and rosin and about one-sixth of the tinplate and terneplate, about one-eleventh of the lumber, close to one-third of the lard, one-thirteenth of the cigarettes. Taken as a whole, exports of manufactured goods were about 8% of total domestic production in 1927.

The ratio of exports to total present production capacity could be increased on the average to about 25%—and a considerably larger proportion of present output—without adding a machine or a dollar of capital investment. If only the foreign markets can be found, additional prosperity is there.

It is surprising, though, to find that after thirty years of growing exports of manufacturers the percentage of exports to production is lower now than it was in 1899. This is a revelation of the capacity of the home market that explains the lack of interest of many manufacturers in their export trade. The total value of the domestic manufactured goods consumed at home in 1899 was about $6,500,000,000; in 1927 it was approximately $27,300,000,000; the per capita consumption being respectively $72 and $206. Even after allowing for the depreciation of money in the interval it appears that domestic consuming capacity per unit of population has at least doubled.

Importance of Exports

Viewed in another way, however, the importance of the exports is greatly enhanced. Assuming that the factories would be in existence to meet the requirements of the home market, the 8 or 9% of foreign trade may be regarded as a margin on which profits are larger than on the 91 or 92% absorbed at home. Viewed in still another way, exports may be considered as the increment of output that keeps factories in full production or much nearer to it than would otherwise be the case, with consequent savings in fixed overhead per unit of product. In either of these views, the importance of expansion of exports becomes impressive. A small additional gain in the proportion of exports to production would mean the difference between profit and loss to many industries. Moreover, it would give employment to the great numbers of men who who are being displaced by the growing efficiency of industry. Any considerable degree of unemployment exercises a profound effect on prosperity, because of its consequences in the reduced buying power of the population as a whole. Yet one becomes dubious about the possibilities of a larger proportion of exports when he considers the 1,500,000 industrial workmen out of jobs in England (hitherto the chief exporter of manufactured products)

and the growing ambition of all countries to become more industrial. This gloomy prospect is heightened by the possibilities of further export of capital rather than of domestic goods—which means, in effect, the exportation of jobs.

Effect of Raw Materials' Decline

When we come to consider all exports we find that there has been more of a relative decline, notwithstanding an absolute gain of about 300% (without allowing for the depreciation of money) than in manufactures alone. Taking into consideration all the products of mines, agricultures and manufacturing, the proportion of exports has declined from 12.8 in 1899 to 9.6 in 1927. This decline, small as it is, doubtless has much to do with unsatisfactory agricultural conditions. Part of it is due to increased domestic consumption, but if there were a profitable foreign market the output of virtually all field crops and some animal products could be greatly increased. As it is, almost 58% of the cotton crop finds its market abroad, 62% of the rye crop, 23% of the wheat and 36% of the tobacco leaf.

Considered as one great economic unit, the United States may be compared to a factory that is equipped with more machinery, and has more capital, than it is using to the best advantage. The maximum of prosperity cannot be attained unless the factory is running full time on a profit basis. This factory has expanded faster than domestic consumption has grown, marvelous and unprecedented as that has been. It is not credible that the rate of increase of domestic consumption can be màintained, although consumption would soon overtake production if the latter were to stand still. But it is not an American characteristic to stand still. Money is continually going into depressed industries, even into the textile industry. We have a naive faith that everything will "come back" to exuberant prosperity—just like the workmen who are sure they will return to the jobs the machines have taken. We may conclude that the outcome will be an unprecedented attempt to conquer foreign markets. But the opportunity there depends almost wholly upon unitary consumption—upon the introduction of higher standards of living. If some way can be found to bring about such a growth in individual consumption in the world at large as the United States has enjoyed during the last thirty years we may expect to have a joyous surge of prosperity throughout the world, which would add momentously to our exports.

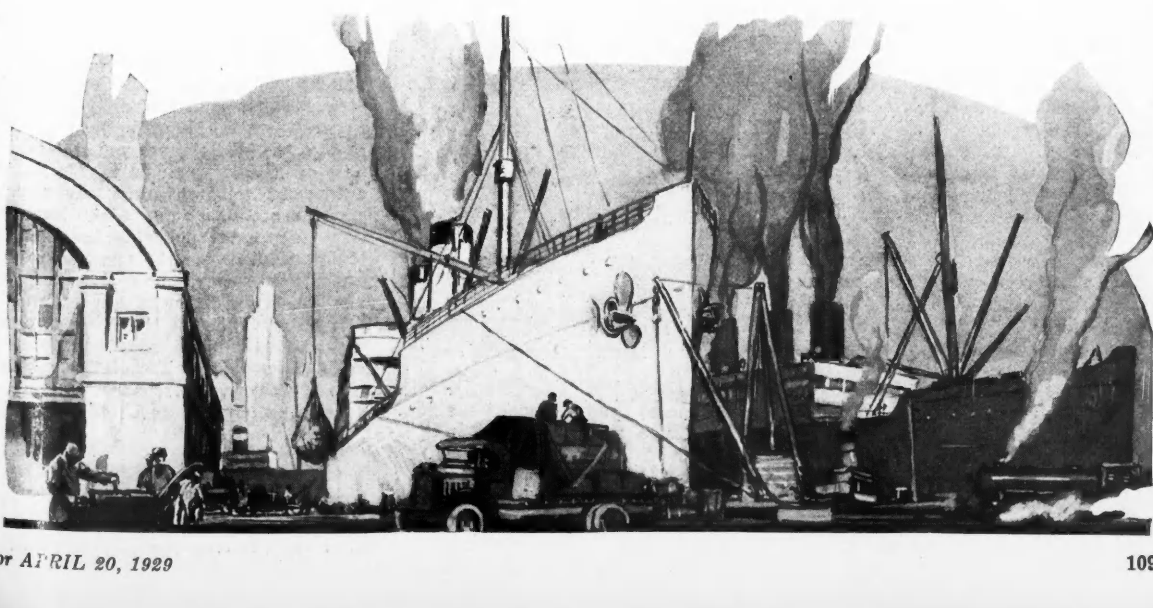
It may be that the capital which we are now exporting will be largely instrumental in Americanizing the world in respect to consumptive capacity. What now seems like a menace may become a blessing. It is true that exports of capital and goods both tend to increase imports, but imports are welcome in any fully prosperous country for they are simply, then, additional means of enjoying wealth.

But before we can come to any such happy condition the world must go through a lot of tribulation. A normal condition of international trade would result from a division of production between countries according to their resources, climate, industrial equipment and the characteristics of their people. So long as there is fear of war all nations will aspire to an approximation of self-sufficiency. This means economic warfare all the time and the artificial stimulation of industry in one place at the expense of normal industry elsewhere. Just now we are in danger of such a tariff revision in the United States that our foreign trade is likely to suffer severely in the near future. Directly, the proposed revisions threaten a great volume of export trade in Cuba, South America, Canada, Europe and the Philippines. Indirectly, they may cause settled resentment and determined campaigns to curtail our export to those regions. Whether higher protective tariffs can improve domestic conditions to an extent that will offset or more than offset foreign trade losses remains to be seen. It is safe to predict, though, that the prospective tariff changes will greatly disturb our export markets for a time, if indeed they do not result in a permanent decrease of exports as well as imports.

Exports Mean Imports

It is a notable fact that while our exports always exceed our imports, the former do not increase in total without, through a period of years, an increase in the latter. This generalization applies to groups as well as to the whole. Our importations of manufactured goods tend to increase, although not so rapidly as our exports. But in this trade the war undoubtedly favored our exports of manufactures and checked our imports. The latter may be expected to show a strong tendency to grow unless artificially restricted. If we export we must import—and not always just what we would prefer to import, from the point of view of our exporters. A symposium of visualization of ideal trade conditions by all classes of producers would give a picture of foreign trade all exports and no imports. But exports mean imports, and if the latter imply injury to some classes of domestic producers, we must be ready to pay the price of some domestic setbacks, no matter how much increased exports may add to the general prosperity.

The outlook for enhancement of prosperity through exports is not immediately encouraging. In the long run it is encouraging, especially if it be assumed that there will be no more great wars, and that destructive international competition can be reduced. And that suggests cartels and something of a world-wide regulation of production and distribution. Which is another story.



Out of the confusion arising from the alleged conflict between the Federal Reserve Board and the stock market, comes this frank article by a political economist of high standing. In one of the most outspoken statements ever presented in the pages of this publication, the highly-placed author declares that millions of small investors have been subjected to unnecessary hazards and losses, and hints that Europe's subtle financiers have outplayed the Board for world supremacy.

An Iconoclastic View of Federal Reserve "Control"

Chairman McFadden Challenges Right of Banking Authorities to Regulate Stock Speculation

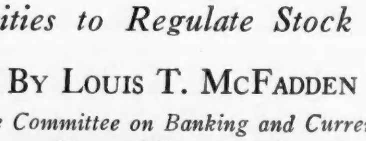
By Louis T. McFadden

Chairman of the Committee on Banking and Currency of the U. S. House of Representatives

THIS country has plunged ahead so rapidly in economic development in the last few years that we are faced with utterly new conditions, but we are still trying to solve their financial and commercial problems by methods that are as out of date as carrying excavated material in baskets on men's bent backs.

New Banking Conditions

Mergers of banks and corporations, chain banks, branch banks, chain everything, direct or chain merchandising, passing of the wholesaler, disappearance of the personal banker, retirement of the Wall Street barons; the rise of corporations, with so much capital and such imperial revenues that all the service a bank can give them is that of a cashier, have brought us into a new world. And when these mammoths do need funds they get them from the public by bond issues, short term obligations and more lately by taking the public and its money into their common stocks.



The ownership of the property of the United States has been liquefied by the multiplication of corporations whose shares and bonds are listed on the stock exchange or are facilely exchanged over the counter. When you put fifteen or twenty million persons into the ownership of property represented by bits of paper that can be transferred like a two-bit piece, instantaneously you create a basis for speculation that cannot be interfered with lightly. Value is a nebulous thing, based on emotional as well as rational opinion, it is as fickle as desire. It can be easily shaken or destroyed.

Who Can Set Values?

Who has a right to say that the price of any security is too high or too low? What right has the Federal Reserve Board or any other body to say whether the people are placing too high a value on anything? The right to buy and sell property is fundamental and the right price or the extent of the buying and selling of certain properties are matters that are without the jurisdiction of anybody hitherto constituted by law. The Federal Reserve Board's business is to protect the gold reserve and stabilize the flow of credit regionally. It is not authorized to manipulate the flow of credit as to particular uses. Nevertheless, its present policy is based on the theory that it has the right to restrict credit for a particular phase of commercial and financial operations—in other words, that it has a right to curtail the volume of credit for what is called stock market speculation, which is simply a manifestation of an active merchandising tendency among the owners of a large part of the United States.

The Lack of Full Knowledge

But even if we suppose that the Federal Reserve Board has the authority to regulate speculation, and the wit to

know when and how to do it sagaciously, what does it actually know about the condition it assumes to exist?

How much of the brokers' loans is actually involved in what it calls speculation?

What proportion of the time money is carrying undigested issues of domestic securities and foreign flotations?

Without accurate knowledge of the problem the Board seeks to solve, it has necessarily dealt with it in a blind and hazardous way.

As a result of Federal Reserve action or reprimand, we have had within a period of a few months no less than three marked recessions in the stock market. But after each of them the level of prices has been reestablished at about where it was before. What, then, has been the net result of these three raids on the value of properties in liquid form? Brokers' loans were contracted within two weeks, at the last squeeze, by $250,000,000 out of a total of nearly six billion; but at a loss to investors of from three to five billions. This is a terrible price to pay for a doubtful objective. One may well ask how much longer the country is to be liquidated at this pace.

A sale means the presence of both a buyer and a seller. The buyers profited and the sellers lost on each break in the market. We may well assume that many, if not most, of the sellers were of the distress order—and that means that they were usually the "little fellows." Stated in plain terms, the course of the Reserve Banks so far has had the effect of doing untold damage to the material welfare of the ordinary owner of property in the form of stocks. So far as individuals are purposely responsible for the situation the Board seeks to alter, they are among the rich and strong. Broadly speaking, they have escaped unscathed, if they have not benefited, by the three broadsides that have been aimed at them and have hit the innocent "little fellows."

Buying From Abroad

That the Board may, after all, be on the wrong track is suggested by the fact that among the heavy buyers at each of the three market backsets have been the foreigners. They are accustomed to two to four per cent investment returns, and stock prices do not look excessive to them when they yield return within those limits. Does anyone imagine that if the Board should commit the capital error of raising rediscounting rates the flow of foreign money to the American stock exchanges, for investment in our best stocks, would dwindle? Should that folly be perpetrated the stock market would receive another artificial jolt, the little fellows would be further shaken out of liquid property ownership, the big fellows and the foreigners would be benefited —and "legitimate" business would be terrorized.

The foreigners always buy the best stocks. They have standing orders here to buy the gilt-edge securities at every 10 to 20 points recession. During the last slump $500,000,000 of securities, our best, were shipped to Europe, and before they were on the ocean their value had increased by ten to thirty points! How much good did that transaction confer upon American finance and prosperity? We still have the huge mass of foreign documents that we had been acquiring since the war. Does it not look as if the Reserve Board's course is bringing about the ownership of Europe—a dubious asset—in America, and the ownership of America—the best of assets—in Europe.

In this aspect of the subject, I am reminded, there is a possibility of some interesting, if deplorable developments. Suppose it should be brought out that a large proportion of these foreign loans are back of the worrisome brokers' loans. Might that not justify the conclusion that there was a dual purpose behind the influences that caused the Board to lower the rate in 1927 for the restoration of Europe's disordered finances?

Perhaps the wise men of Europe foresaw that while cheap money here would give Europe the gold it sorely needed it would also give us Americans a large and miscellaneous collection of European stocks and bonds that we didn't need.

The actual fact is that Europe did get the gold and we did get the European paper—more than our markets could easily digest—paper that is still absorbing brokers' loans. And to provide interest and dividends on the paper we have we are taking more of it. It cannot be denied that Europe has subtle financiers.

On the theory that Europe still needs more of our good securities the present process of shaking the bottom out of the stock market at intervals is a laudable one.

The Need for Cheaper Money

Trade and manufacture really should have cheaper money right now. If they don't get it we may run into commodity speculation—and that would be a real speculative menace. It should be remarked that so far the stock market wildness, if such it is, has not in the least infected the commodity markets. That fact ought to make us consider whether we have any fundamental malady to deal with. Maybe we are mistaking a little sunburn for a high, symptomatic body temperature.

When half the wealth of the nation is in liquid form the business of transferring ownership of it demands respectful consideration, no matter whether it be covered with a froth of speculation, a large degree of which is, in my opinion, not only inevitable but beneficial and even necessary to the establishment of values, the maintenance of free markets and the enjoyment of wealth.

I remember that fifteen years ago it was solemnly deplored that so much of the productive capital and buying power of the nation were going into the automobile industry and trade. Merchants and bankers, posing as infallible economists, demonstrated to their own satisfaction and the gloom of their followers that the solid industrial growth of the country was being dammed, if not damned, by the wastage of funds in toys for grownups. Bread was being taken out of the children's mouths in the hysteria for gas locomotion, etc.

Again, a few years ago the automobile industry was in the doldrums because of the difficulty of financing the purchase of its products. The banks would not or could not take the business. Accordingly the industry resorted to the installment method of financing purchases and created its own finance companies to take care of the deferred payments. At the time this was

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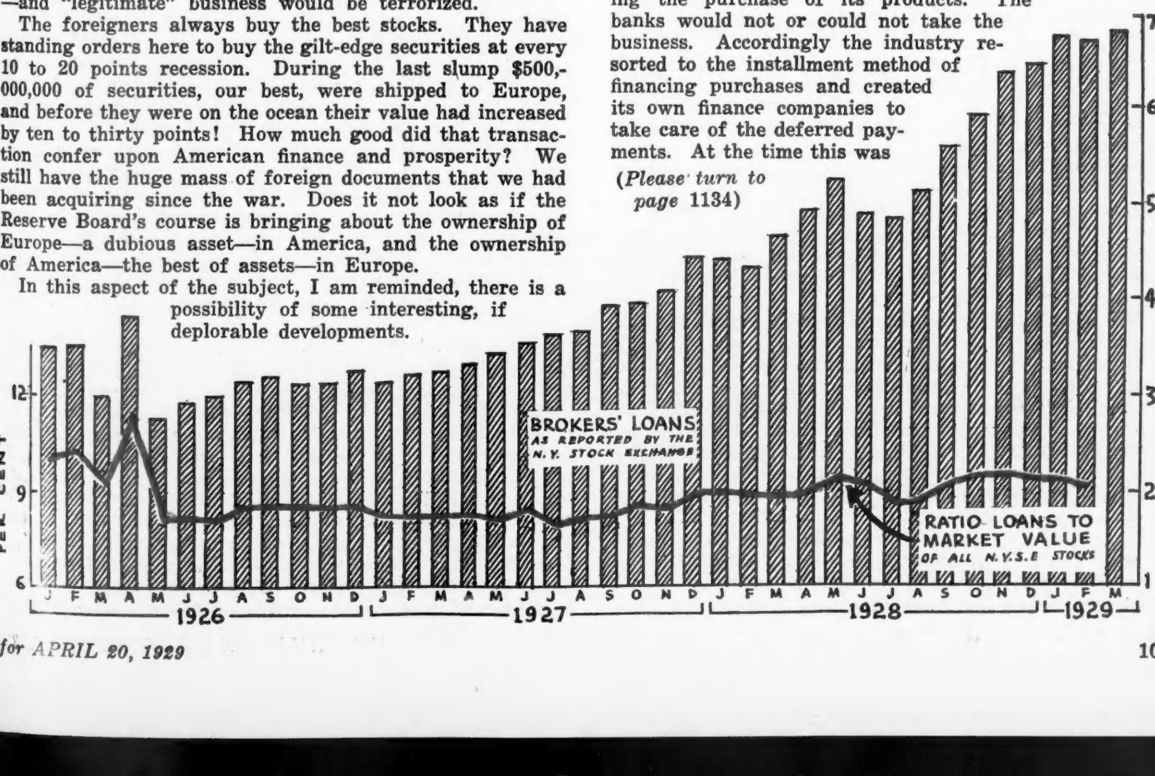

Avoiding Security Air-Pockets

A Critical Analysis of Aviation Investing

By GERARD V. WORTHINGTON

PRACTICALLY every industry, in which romance is an inherent feature, attracts countless investors who, wishing to participate in the hoped-for promising future, let the roseate light of romance color their economic perspective.

No present-day industry contains this element of romance to a greater or more thrilling degree than does the Aviation Industry. However, the fulfillment of man's long-felt desire to overcome the air has caused him to regard as immediate possibilities, results which the best brains in the industry cannot hope to achieve for some time to come.

The aviation industry is often compared in its present stage of development to the early days of the railroad and the automobile and some analogies can fairly be drawn, but the entire economic structure is so different today from that of the '80s or the first decade of the twentieth century, that aviation must be considered on its own merits rather than judged by past performances of other transportation mediums.

Not Truly An Investment

There is no doubt that aviation is today in a period of rapid expansion and development, which has always heretofore proven to be a hazardous age to every new industry, and there is no aviation stock today which can be properly termed a true investment. This is not to say that profit opportunities do not exist among some of the well-managed and financially strong companies, but even such securities cannot now be said to offer a high degree of safety for either income or principal.

Before an industrial stock can properly be classed as an investment it must have years of seasoning and must be able to show consistent earnings over a period of years. The very youth of the aviation industry precludes any such record and at the same time eliminates the possibility of applying as a comparison the experiences of similar industries which have now arrived at a more-or-less degree of maturity. Of the vast number of aviation stocks which are today being sold to the public, only a handful are actually on an earning basis.

Last year there were approximately 5,000,000 automobiles manufactured in America by 40 producers. During the same period there were approximately 5,000 planes produced by more than 200 manufacturers. It is true that the airplane averages a much higher cost per unit than the automobile, but even so, the comparison serves to illustrate the terrific competition which is present in the airplane industry and shows the need for consolidation, mergers and a general elimination of the weaker units. For its own good the industry must experience such a drastic renovation. Moreover, most of the companies in the industry have been founded and built up to their most difficult stage during a period of national prosperity, and a decline will affect them seriously. These are factors that the prospective buyer of aviation securities cannot fail to recognize and consider. They demand far-sighted discrimination.

So much for the general conditions which surround aviation today. The next phase to be considered is the principal lines of development which the industry can follow.

Future Development

The country at the present time is practically covered by a network of air lines. As of February 28, 1929, there were 24,111 miles of airways operating or scheduled. Of this mileage 17,470 miles were mail routes actually operating, while 1,162 additional miles of mail routes were soon to be put into operation. The average airplane mileage scheduled per day in all services was 53,345 miles. This condition is the direct result of the growth obtained during the past ten years and it may be observed that by far the greatest amount of territory covered on schedule was in mail service. Passenger service has not reached the degree of popularity in this country that it has abroad due mainly to the heavy operating costs and the lack of government subsidies.

There are many who contend that the greatest future for the airplane manufacturers lies in the adoption of this mode of transportation by the public at large especially through the medium of privately-owned planes. Scores of manufacturers are basing their hopes for the future on the development of this market. The actual production and sales to date of this class of aircraft cannot be ascertained, inasmuch as the only statistics available on the subject make no attempt to differentiate between the various classes of equipment; but it is safe to state that not more than 20% of the 5,000 planes estimated to have been produced in 1928 were sold for purely private use.

Hopes and predictions based upon the extensive use of

airplanes for private use appears to be far-fetched for it does not seem possible to eliminate the personal risk in aviation as has been fairly well accomplished in the automobile field. There is a wide fundamental difference between the two. Serious trouble may develop in the mechanism of an automobile, while it is under way, with little or no risk to the occupants of the machine. This obviously is not true of airplanes and the very nature of its mechanism and principles makes it unlikely of early accomplishment.

Limiting Factors

A long time will elapse before the average individual who can afford to spend, say $5,000, for an automobile will prefer an airplane. As a method of quick transportation, when urgent matters make such speed imperative, and for the speedy transmission of important documents, mail and valuable express, air transportation has no present-day equal, and when considered in this light the airplane has a great future. Considering the airplane, however, as purely a pleasure vehicle, such as the automobile is in many less congested centers, its future is definitely limited.

If we grant that for the next ten or fifteen years people will use airplanes more and more for emergency transportation and the carrying of mails and express, let us see that types of companies in this field have the greatest possibilities.

The manufacturers are divided into those who make planes, and those who make motors, and a few who do both. Probably the most stable type of company in the manufacturing field is one which manufactures a strong and reliable motor in three sizes; that is, one for a light pursuit or mail plane, another for a medium-sized cabin and mail ship, and the third, a heavy motor, developing enormous horse power, for use in large transport and passenger planes. There are comparatively few exclusive motor manufacturers, and of the few there are only a half dozen which one could mention offhand, whose products have been tested and tried through a period of years.

The Department of Commerce has done a good work in this direction by establishing a severe test for motors which must be successfully passed before the engine can receive what is known as the Department's "Approved Type Certificate." Investors who are interested in the stocks of motor manufacturing companies would do well to investigate whether the product of their particular company has received this certificate, because, without it, no airplane power plant could be termed first-class, and even some companies which have received the certificate are having difficulty enough in disposing of their product, because, the competition is extremely keen in this line, and companies whose experience goes back a decade or more, and whose cash resources are comparatively large have a natural advantage over the newcomers. The companies which are today manufacturing well-known power plants and making money, are putting back a big percentage of their earnings into experiment and research and the chances are that new discoveries and inventions will become the property of these companies rather than of anyone just starting in the game.

There is another condition of the industry which favors the motor manufacturers and differs completely from the automobile industry. The life of a good airplane is perhaps three times as long as that of an airplane motor, or if this figure is somewhat exaggerated, at least the motor must be overhauled several times during its life, and the overhauling is an expensive operation. Therefore, there is a distinct future for motor manufacturers for replacements in the aviation industry, which is not true of the automobile where the body of the car usually wears out before the motor, although both body and motor become obsolete close enough together to make it economical to scrap the entire unit at one time.

Another condition favoring motor manufacturing is that the war-time supply of motors which has been flooding the market at low cost is practically exhausted and from now on the market can be judged on a basis of present production rather than having to discount motors already in existence as has been the case in the last ten years.

"The terrific competition which is present in the airplane industry shows the need for consolidations, mergers and general elimination of the weaker units. For its own good the industry must experience drastic renovation. Moreover, many of the companies have been founded and built up to their most difficult stage during a period of national prosperity and a decline would affect them seriously. These are factors which the prospective buyer of aviation securities cannot fail to recognize and consider. They demand far-sighted discrimination."

Too Many Plane Builders

Plane manufacturers are in a much less advantageous position. Anybody with a little flying experience and a mechanical turn of mind, plus a few thousand dollars in cash, can begin to manufacture airplanes. At first these are largely assembled by buying various parts from one manufacturer or another and putting them together with the particular ideas of the builder. Then a standard motor is purchased and we have a new airplane on the market. There are literally hundreds of these companies in operation today, scores of which are being financed easily because of the surplus wealth of the country at the moment.

The percentage of mortality among them is bound to be enormous, for their financial backing is usually slim and their product largely a matter of experiment. This does not condemn the companies which have been manufacturing planes of standard design over a period of five years or more, whose products have been tested and tried out through thousands of miles of air travel, but investors should be warned of the precarious nature of their interests when they put money in any manufacturing company which comes along, simply because there are a few prominent names on the board of directors and one trim-looking machine on exhibition.

Obviously, the best company in the manufacturing branch of the industry is one which has a diversity of products which also applies to the motor manufacturers. A well balanced line of production, such as an open cock-pit training plane, coupled with a small cabin plane and a large transport plane, gives a better risk than the company which relies on just one type of machine for its sales. There are some companies which have this diversity and have an established and accepted product, but they are few and far between in the great mass of airplane manufacturers.

The transportation companies may roughly be divided into three classifications. Those which have airmail contracts and make a business of this and nothing else, those which have no airmail contracts but rely on straight passenger transportation, and those which combine the two with an express service. Airmail contracts from the United States government and foreign governments constitute the safest income guarantee for a transportation company. Under the new rule, these contracts are being awarded for periods of ten years with certain qualifying clauses and companies which hold these contracts are of course in the best position. Bidding is competitive and while the lowest bidder does not always get the contract (because the cheapest contractor might not always be the most satisfactory

in the end) the rate charged always allows for a small profit and thus a company with a paying route is assured of a fairly steady income, some profit, and is also given a practical monopoly on that particular line. With the airmail is probably incorporated an express service which has yet to be developed but which is a tremendous potential source of revenue.

Companies in the second class which have no airmail contracts, but rely upon passenger transportation entirely for their income, represent an extremely poor risk. Weather conditions, or a bad accident, or better service on the railroads, or anyone of half a dozen other conditions will materially affect the income of such a company, although losses through accidents are beginning to be coverable by insurance, there being several underwriting companies in the field at the present time. Rates, due to the lack of actuarial experience, are naturally high. It is logical to suppose, however, that as the industry progresses and additional experience becomes available, these rates will be considerably reduced.

Companies in the third class naturally have the best diversification, that is, they depend not entirely on any one class of paying load for their revenue. Within the last year, most companies with airmail contracts have had to abandon their passenger service because their equipment was not adequate to carry the mail contracted for, and also take care of the demand for passengers and express. The first obligation of a company with an airmail contract is of course to carry the government's mail. A potential investor, in the stock of a transportation company, should assure himself that the company has longterm government mail contracts, that the contract price is high enough to insure profit and that the company has enough money to expand and add passenger and express to its revenue producing load, because no company can make enough money in airmail carrying alone to justify the purchase of its

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Position of Leading Aviation Companies

Name	Working Capital Millions of $	Earnings per Share 1927 $	Earnings per Share 1928 $	Recent Price	Dividend $	COMMENT
Aero Supply Mfg. Co. "A"	0.29	d	3.63	45	1.50	Manufactures over 3,000 special hardware products for airplane use. Earnings sharply up in 1928. Class A stock moderately attractive, but B shares selling high enough.
Aero Supply Mfg. Co. "B"	0.29	d	1.38	14	None	
Aviation Corp. of America	2.44 (8)	NF	0.04 c	60	None	Important and strongly affiliated transportation company. Shares have speculative merit for long range price appreciation.
Bellanca Aircraft Corp.	1.64	NF	d (9)	18	None	Has strong financial backing. Earnings retarded by heavy expenses, but company has favorable potentialities.
Consolidated Instrument Co.	NF	NF	0.57 b	26	None	A leading producer of aeronautical instruments, which are standard equipment on many planes. Substantial volume of unfilled orders. Fair possibilities indicated for the shares.
Curtiss Aeroplane & Motor Co.	6.56	2.54	4.13	147	1.00	Pioneer manufacturer of planes and has extensive ramifications. Shares still hold promise, although not a bargain at this time.
Curtiss Aeroplane Export Co.	0.31	NF	NF	41	None	Sales organization for all Curtiss products abroad. Also sells miscellaneous aircraft merchandise. Has yet to demonstrate earning power.
Curtiss Flying Service	6.39	NF	NF	21	None	Diversified activities, including the operation of fields, teaching, photography, observation and sales. Shares speculative but not without long pull possibilities.
Douglas Aircraft Co.	2.00 (11)	1.18	1.33	32	None	Important manufacturer of government planes. Planning to enter commercial aviation. Shares priced amply high on basis of developed earnings.
Fairchild Aviation Corp.	2.20 (6)	NF	d (6)	24	None	Holding company engaged in numerous phases of industry, including manufacture of planes. Class A shares not undervalued, but have promise for the longer term.
Fokker Aircraft Corp.	0.44 (6)	NF	d (6)	36	None	A leading producer. Products enjoy a high reputation. Planning largest plant in world. Strongly financed and output at capacity. Shares possess good speculative possibilities.
Irving Air Chute Co.	0.41	1.02	2.07	25	None	Manufacturer of safety parachutes. Stock not overvalued on basis of 1928 earnings, but is unseasoned and radically speculative.
Keystone Aircraft Corp.	0.56 (7)	NF	2.24	37	None	Strongly sponsored manufacturer of government and commercial planes. Sound financial position and heavy volume of unfilled orders. Shares attractive as speculation.
National Aviation Corp.	NF	NF	2.20 c	71	None	Holding company organized by important interests in aviation. Functions in manner of investment trust. Shares high enough as a near term proposition.
North American Aviation	18.3	NF	NF	15	None	Holding company for aeronautical securities. High type of management and shares have merit as a long pull speculation.
Thompson Products, Inc.	2.07	3.64	4.11	54	1.20	Manufacturer of a line of important products used in construction of planes and motors. Has a valuable selling franchise from Wright Aero. Interesting speculative possibilities for shares.
Transcontinental Air Transp.	2.26	NF	0.01 c	26	None	Backed by influential interests in railroad and aviation industries. Will operate coast-to-coast passenger and freight service. Comparatively conservative speculation.
Travel-Air Corp.	0.82 (9)	6.68	3.60	48	None	A leading producer of cabin and open planes. Sold 530 planes in 1928. Strong financial position. Shares one of the more attractive speculative media.
United Aircraft & Transp. Co.	4.78 (10)	d	0.81 (8)	78	None	Completely integrated holding company. Excellent long pull prospects, but capitalization is fairly heavy and near-term outlook appears discounted.
Universal Aviation	0.84 (9)	NF	NF	18	None	Well rounded company engaging in five important phases of industry. Strong financially. Capitalization simple. Shares should eventually sell higher.
Wright Aeronautical	6.08	3.77	8.11	125	2.00	Largest manufacturer of engines in U. S. A. Current earnings estimated at $20 per share. Possibility of a stock dividend. One of the most attractive issues in the industry.

NF—Not available. b Approximated. c For 6 months ended Dec., 1928. d Deficit. (6) As of June, 1928. (7) As of July, 1928. (8) As of Aug., 1928. (9) As of Sept., 1928. (10) As of Oct., 1928. (11) As of Nov., 1928.

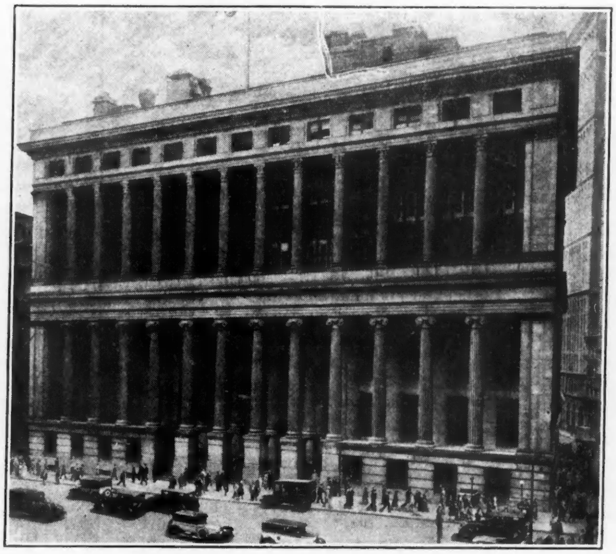
Bank Stocks Go Democratic

Demand for Greater Lending Power Brings Giant Consolidations—Attendant Split-Ups and New Stock Issues in Smaller Units Foster Broader Bank Ownership

Part II in the Series on "What Inspires Today's Mergers?"

By H. J. Knapp

NOT many years ago the so-called small investor was but little more likely to consider a business partnership with the big Wall Street capitalist through the purchase of stocks in the great metropolitan banks than was his wife to attempt an entry into the social "four hundred" by trying to establish relations of personal friendship with the banker's family. Stocks of the big city banks were most emphatically "rich men's stocks," in fact they were the outstanding examples of that high sounding type of security. Such shares were closely held by the big bankers and their associates, price quotations were very high and the market inactive, dividends were small relative to market prices and, above all, the operations and management of large financial institutions were shrouded by a mystery which the man of moderate means was not encouraged to penetrate in any manner or degree. Stocks of the Wall Street banks were definitely for the insiders.



National City Bank of New York

Five years ago the National City Bank of New York had total resources of $873,685,400 and 500,000 shares of stock, $100 par value, outstanding. Today, giving effect to the recent mergers, total resources amount to $2,066,755,570 and the new capitalization provides for 5,500,000 shares of stock, $20 par value. Five years ago there were about 4,500 stockholders while today there are nearly 40,000.

Nowadays, of course, we consider all things financial, or at least all definite changes in financial trends, from the standpoint of the late war. It is certain that war-time finance helped greatly in the rapid development of a vast body of new investors and was a mighty influence in making the average American financial minded. First came the patriotic purchase of Liberty Bonds and a daily reading about America's increasing importance and our dominant financial position. The investment habit once started, the man of moderate fortune began to pry more deeply into the secrets of finance and investment and to seek new avenues through which he might share in the nation's growing wealth.

First, of course, came investment in the more ordinary listed stocks and bonds, but with greater experience and larger resources came a growing interest in both investment and speculation in all types of securities. During recent years, and especially since 1927, bank stocks have become prime favorites. The reasons for this new popularity and the present merit of bank stocks as investments for the ordinary man are well worth careful consideration.

A Period of Bank Expansion

Banks and trust companies have changed and developed enormously during the last decade. War-time sales of Liberty Bonds awakened many banking organizations to the profit possibilities of bond and securities departments. The larger and more aggressive metropolitan banks organized securities subsidiaries for the purpose of underwriting and distributing stocks and bonds and for doing many other things which the banks themselves could not do directly. Most of these securities companies were highly successful and added greatly to the earning power and prestige of the parent institutions.

Again the rapidly growing foreign business of our great corporations demanded adequate banking facilities abroad and our leading banks were not slow to recognize this need and to establish branches and agencies in other lands until now wherever American goods are sold American banks are available to finance the transactions. The post-war position of the United States as the world's money center and the flotation of tremendous foreign security issues in this country likewise stimulated the expansion of our banks.

Trust functions became increasingly important as corporations grew and multiplied with the effect that hundreds of new security issues were placed on the market. Compe-

tition between trust companies and banks in many activities was very keen and finally caused commercial banks to seek and acquire trust powers, and brought about a modification of the National Banking Law enabling the banks in the National system to share in this profitable business.

While expansion along the lines indicated has been important and has had many far-reaching effects, the actual physical growth of the banks through branch banking has been more spectacular and interesting. Many states permit the establishment of branches within the city in which the home office of the bank is located, and, notably in California, state-wide branch banking has secured a foothold. New York State stands among the leaders so far as branch banking within the home city of the organization is concerned. In New York City practically all of the big banks have one or more city branches and two have as many as sixty or seventy such offices. National banks are permitted to establish branches in states allowing their own institutions to do so, and to the same extent.

Chain and Branch Banking

Banking laws in this country do not in any case permit branch banking outside the home state of the institution, but many of the desired results can be accomplished through chain banking, or the centralized control of scattered institutions through common ownership or through holding companies. Already a number of such holding companies, some planning to operate on a nation-wide scale, have been organized for the development of chain banking. Just how far this trend will be followed is one of the outstanding banking questions of the day. It has been rumored that the next step in the expansion of some of the largest institutions might come through the organization of subsidiaries which would acquire and hold controlling interests in important independent banks scattered in strategic sections throughout the country. These subsidiaries might be affiliated with the parent bank in much the same manner as the security companies and trust company organizations now controlled, and would result in institutions affording every type of financial service and with possible ramifications as broad as might be deemed desirable.

Expansion along all of the lines already noted has demanded increases in the resources of the banks concerned and has been among the causes for the steadily increasing capitalization of financial institutions in recent years, but, though rapid, the growth of individual institutions has not been fast enough.

The giant strides made by the great industrial and commercial corporations since 1920 are well known. Billion dollar motor companies, steel companies, railroads and utilities demanded banking accommodations possible only through billion dollar banks, for the lending power of the bank depends upon the amount of its capital funds. Mergers were being accomplished on every hand among the leaders of industry and commerce and mergers among the leading banks were equally logical and inevitable. Already the two ranking institutions in New York are in the two billion dollar class, while another, with the largest Chicago bank, is well over the billion dollar mark. These huge aggregations of capital are all the direct results of mergers. On the Pacific coast recent combinations have placed banks among the first ten of the nation.

Recent Bank Mergers

Institutions	Combined Resources
National City Bank of New York Farmers Loan & Trust Company	$2,066,755,570
Guaranty Trust Company National Bank of Commerce	1,986,513,797
Chase National Bank Garfield National Bank American Express Company	1,430,308,237*
Continental Illinois Bank & Trust Co. {Continental & Commercial Nat'l Bank Illinois Merchants Trust Co.	1,126,294,200
Central Union Trust Company Hanover National Bank	722,718,742
Security-First Nat'l Bank {Los Angeles-First National Security Trust & Savings Bank	624,567,254
Bank of America N.A. Blair & Co. Inc.	500,000,000
Chemical National Bank U. S. Mortgage & Trust Co.	400,000,000

*Prior to Merger. Current combined resources unavailable.

Recent Stock Split-Ups

National City Bank of New York	$100 to $20 Par
Chase National Bank	100 to 20 Par
Irving Trust Company	100 to 10 Par
Bankers Trust Company	100 to 10 Par
Central Union Trust Company	100 to 20 Par
New York Trust Company	100 to 25 Par
Bank of America N.A.	100 to 25 Par
Chemical National Bank	100 to 10 Par
National Park Bank	100 to 20 Par
First National Bank (Boston)	100 to 20 Par

More to Come

Mere size is, however, by no means the sole consideration, and the present trend is toward combinations bringing together institutions complementary to each other rather than directly competitive, as commercial banks and trust companies, banks and security houses, and institutions having a single office with those possessing highly developed branch organizations. At all events the trend toward bank mergers is so strong and so fully in harmony with the spirit of the times as manifested in expansion and consolidation in other fields that more and more mergers appear clearly in prospect. In New York City alone at least six mergers of major importance have been consummated since the beginning of the current year, while in Chicago a merger negotiated late in 1928 has resulted in a new member of the country's "big four." Rumors of new consolidations of importance are heard daily.

With all of these considerations focusing attention upon the great banks it is small wonder that investors have taken an increasing interest in bank stocks. Prior to 1927 quotations for New York City bank stocks, while rising steadily, barely kept pace with the average gains of the industrial stock group. For the last two years, however, their rise has been more rapid and during 1929 price gains have been little short of amazing.

Until a short time ago the banks appeared to frown somewhat upon public market interest in their stocks. Most of the bank stocks listed on the New York Stock Exchange were removed at the request of the institutions themselves, for the purpose, as expressed, of avoiding speculation and resulting wide price fluctuations. In trading over the counter, however, the great market activity and rapid price advances continued and more recently an entirely new departure on the part of some of the banks has aroused public interest in their stocks to a point never before approached and has helped to bring about the greatest price gains ever recorded.

Stock Split-ups

For the avowed purpose of reducing market quotations to such an extent that their shares could no longer fairly be classified as "rich men's stocks" on a price basis many of the largest banks and trust companies have split their stocks five for one, or ten for one, reducing par values from

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MARKET REFLECTIONS

THE market seems finally to have capitulated to the Federal Reserve. Stocks have alternately advanced and retreated in a series of erratic movements giving evidence of the nervousness that has supplanted the open defiance with which the early warnings of the banking authorities were received.

* * *

GENERALLY speaking, prices have lost ground during the past two weeks. Although liquidation has been orderly, in the main, day-to-day trading has been punctuated with frequent assaults upon a few scattered specialties whose position was found vulnerable.

* * *

APPARENTLY, the bears have taken a leaf from the book of the bulls. Whereas, the market was previously maintained in a state of cheerful expectancy by the alternate upbidding of strong stocks on different occasions, the short interest now seems to be seeking further unsettlement by raiding individual issues in weak positions from time to time.

* * *

THE bull forces are not likely to become disorganized, however, so long as such leaders as Steel, American Can and General Motors refuse to give ground in the face of the sniping tactics elsewhere in the list.

* * *

AMERICAN Can's ability to forge into record high ground and the stubborn adherence of Motors and Steel to their advanced positions, while sundry other stocks are sagging to new lows, is in keeping with precedent. Pool operators have quietly folded up their tents, awaiting clearer weather to venture forth into the open again. Meanwhile, the market is slowly splitting up into divergent price movements after a salutory break has shocked public psychology into a realization that market valuations must, in the long run, be based upon tangible factors.

* * *

THE lull in speculative activity has provided an opportunity, and the unsettled condition of the market an incentive, for traders to devote more attention to business prospects. The commercial horizon is being scanned for signs of a possible recession in the present high rate of activity.

* * *

INTERBOROUGH Rapid Transit's defeat in the U. S. Supreme Court caused a spectacular decline in the New York traction stocks. The market was only momentarily unsettled by this break, however. The questions involved in the Interborough case were of a peculiar nature applying only to a local situation. The high court's ruling, accordingly, suggests no change in established methods of treating public utility valuations, nor any modification of present day standards for measuring the so-called "fair return."

* * *

IT is very doubtful that the break in copper metal prices below 20 cents a pound is as disappointing to producers as it has been to speculators in copper stocks. A run away market is probably the last thing desired by the mining interests. Even though prices should stabilize at a still lower level, copper company earnings this year should satisfy conservative holders of these stocks.

* * *

OIL conservation plans have suffered a setback. It appears, nevertheless, that producers are determined to work out some practical program for the elimination of waste. Oil stocks generally manifest a firm undertone which betokens faith in the outcome.

* * *

GLIDDEN COMPANY has lately branched out actively into the food products industry. Earnings thus far in the company's fiscal year have shown improvement over the corresponding period a year ago. Regardless of whether the recent confident market action of this stock is based upon the former or latter development, or possibly both, its performance of late seems significant.

* * *

NEWSPAPER methods of handling news concerning the Federal Reserve meetings and the interpretations placed upon the Board's supposed attitude toward the stock market has called forth some caustic comment, privately, among market students. Rightly or wrongly, they are inclined to regard the bearish coloring of such news items as an attempt to bolster the fallaciously cynical opinions some of such newspapers have entertained in respect to the market during the last two years or so in their financial pages.

* * *

INVESTORS whose interest in stocks lies principally in long pull possibilities are being attracted to Consolidated Gas of New York, in consequence of the reaction that issue has experienced of late in sympathy with the general market.

* * *

CONSISTENT improvement in the status of Erie Railroad has given rise to some discussion of dividends for the common stock during the latter part of the year. Doubtless this prospect accounts for the support accorded Erie on material recessions below the 70 level.

* * *

ALTHOUGH U. S. Steel, General Motors and American Can have hovered close to, or pushed above, previous highs, while the balance of the market was inclined to sag, these three have not been alone in thus distinguishing themselves. For example, Texas Gulf Sulphur, Continental Baking Class A and American Locomotive have moved in a manner to suggest that the position of these companies is undergoing fundamental improvement.

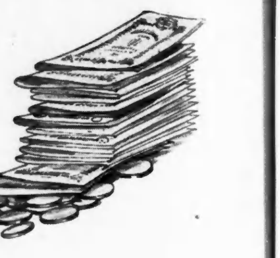
* * *

ACTION of the motor stocks betokens considerable confusion of opinion concerning the outlook for various producers. Some traders are switching to motor accessory stocks on the theory that, regardless of the trend of motor company profits, the accessory manufacturers should do well.

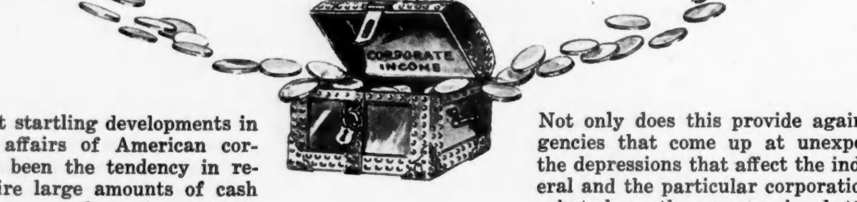
* * *

MONTGOMERY WARD at current prices around 116 is off more than 40 points from the year's high. Persistent selling in this stock has been attributed variously to selling "for the account of an estate" and to distressed liquidation growing out of the recent financial stringency in the Chicago Federal Reserve District. Whatever the cause of Montgomery Ward's weakness, there would appear to be no reason to look for it in the company's fundamental position. Indeed, there is more than a little ground for believing that the buying of late has been better than the selling.

How Much Corporate Prosperity is Independent of the Industry?



by WILLIAM KNODEL



ONE of the most startling developments in the financial affairs of American corporations has been the tendency in recent years to acquire large amounts of cash far in excess of the normal requirements to conduct the ordinary business of these corporations, and of large amounts of marketable securities. It is a patent fact that commercial corporations are large loaners of money in the call market, estimated at present in excess of $2,000,000,000. With a high level for call money rates, earnings from this source is a substantial amount. In some cases, corporations have so expanded their holdings of general market securities that this item comprises one of their chief assets and the income derived from this source goes far toward paying dividends on the stocks of the companies.

Corporations with large surpluses of cash to lend have been favored by the high rates for call money which have prevailed. When one considers that the railroads are earning less than 6% and steel manufacturers have gone on record as saying that the steel industry has not been earning much more than 5% on invested capital, the attraction of loaning money at a high rate becomes apparent. It is not surprising, therefore, that corporations are placing more and more of their cash surplus in the call loan market. Indeed some corporations have made more money during the past six or eight months in the call money market than out of their regular business. It takes competent management and skillful efficiency to return a corporation 10 to 15% on its invested capital.

Industrial Corporations in the Role of Bankers

Corporations may be compared with huge catch basins which accumulate water whenever there is rainfall, in that during the period of prosperity such as this country has been experiencing almost uninterruptedly since 1922, many corporations have been able to accumulate from profit on operations large cash surpluses over and above the amounts required for dividend payments and for improvements or expansion. This has either been kept in the form of cash, or has been placed in the call money market where the funds are very liquid, or has been invested in marketable securities. In many cases, also, corporations have availed themselves of the opportunity the market has offered in the last year or so to raise large amounts of money through the issuing of additional common stock, to be used not only in paying off bank loans, funded debt, or for plant extensions, but to increase their working capital and in building up large liquid reserves of cash. The large cash reserves of commercial corporations have the immediate double function of providing self-protection in the event that business should slump, and as a source of income if loaned in the call market.

Generally speaking, it is good financial policy to be free of debt and to have plenty of cash or other liquid resources. Not only does this provide against the emergencies that come up at unexpected times—the depressions that affect the industry in general and the particular corporation specifically—but places the company in a better position to adopt more economical methods of production and distribution. Provided with ample liquid resources, the strong and progressive corporation can install improved machinery and methods even though they entail temporary loss and heavy disbursement of funds. Furthermore, at times when money is really tight and hard to raise, the corporation with the large liquid resources may find itself in the position where it need not borrow under stringent terms to meet some of its maturing obligations, and should an opportunity arise to make an advantageous acquisition it is well situated to do so, without recourse to outside financing.

A New Policy

The improved financial condition of so many of our large corporations is also making unnecessary recourse to the commercial banks to carry them over the peak seasonal periods as was customary formerly. Not only have they sufficient funds to do this themselves but even a further amount which they in turn have been able to loan out to others, mostly in the purchase of securities or as loans to security holders. Many corporations thus find themselves not only manufacturers but in the role of bankers for others.

This modern development relative to the huge reserves of cash and liquid resources is a reversal of the old conservative viewpoint which held that the best financial policy required that a business have only sufficient working capital for its every-day needs and depend on the commercial banks for the temporary seasonal financing. Moreover, American companies generally did not seem to think it wise to accumulate funds for various contingencies. If the business could not profitably use accumulating funds, it was considered the best practice to turn them over to the stockholders in the form of dividends that they may invest the funds, each as he saw fit. At any rate, this practice prevented the manipulation that might arise if the directors invested funds in various other corporate enterprises.

Expansion Into Allied Activities

Ordinarily, three sources of regular income are available for large corporations, and perhaps, too, these three sources are of the same relative importance for small companies. Revenue from regular operations is, of course, generally the most important but many corporations receive large revenues from outside operations, and from investment holdings. Sometimes the income derived from outside

The tendency for large corporations to diversify sources of revenue through employment of funds in the call market and in security investment as well as engaging in new lines of manufacture, throws a new light on investment aspects of these companies.

operations and from investments constitutes a substantial part of the total income of the corporation.

What constitutes outside operations depends very largely on the nature of the business of the corporation. One of the most striking examples of a corporation deriving a considerable part of its revenues from sources outside of its direct operations is the Canadian Pacific Railway Co. In 1928, net income from railway operations was 74% of the total income while other income was 26% derived from its widely diversified activities. Canadian Pacific has tremendous investments in hotels, ocean and coastal steamship lines, mining and oil companies, commercial telegraph, and miscellaneous interests. According to the company's report, in 1927 8.13% of its net income in that year was derived from its investment in hotels, commercial telegraph, and news depts, 4.66% from ocean and coastal steamships, 6.75% from investments, chiefly in affiliated companies. and 6.69% from interest on deposits and interest and dividends on securities. Of great value is the company's investment in the Consolidated Mining & Smelting Company, which at the close of 1928 amounted to 50% of the total stock of this company. This concern is a very important factor in the world's production of zinc and lead. At the current market of $440 a share for Consolidated Mining & Smelting Co., Canadian Pacific's investment in this company is worth about $110,000,000 equivalent to $38 per share on the outstanding amount of Canadian Pacific stock. Last year the mining company stock paid $12.50 per share in dividends, equivalent to about $1.08 per share on Canadian Pacific stock.

Industrial corporations, of course, frequently expand both vertically and horizontally, as it is found economical to do so. It sometimes happens that a company may start out with one line of business, and gradually take on side lines till the revenues from these sources become as important or more important than the revenue from the original product. General Motors Corporation has pointed out in its 1928 annual report, as well as in previous reports, that the total earnings of the corporation must not be taken as a measure of its earnings from the motor car divisions. Notwithstanding the fact that the corporation's motor car operations are equally if not more completely self-contained than those of competitors, yet the motor car operations contribute only about one-half of the corporation's total profits. Capital has been employed in other productive enterprises in part allied to the corporation's general activities. Thus large sums have been invested in General Motors Acceptance Corporation, Frigidaire Corporation, General Exchange Insurance Corporation, and in other lines. The expansion of the corporation's activities aside from motor car operations has contributed importantly to the increase of the net profits and it is expected that this tendency will increase from year to year.

Corporations in the Role of Investment Trusts

The investment of surplus funds in short term maturities of United States Government obligations has been a fairly common procedure of American corporations, but some have even gone beyond this point and have made extensive investments in corporate securities. In making these investments, no idea is entertained of controlling the companies, the securities of which are being bought. These investments may either be of a temporary nature where the funds are invested for a short period to meet a definite situation at some near future date, in which case the funds are generally placed in short term government maturities, or the investments may be fairly permanent, in which case they are made for the purpose of income or possible market appreciation.

Union Pacific Railroad Company, for instance, is not only one of our greatest trans-continental railroads but must also be regarded as an investment trust or investment management organization because of its ownership of large blocks of securities in other than affiliated companies. These securities had a market value as of December 31 last, of around $236,000,000 or about $108 a share on Union Pacific common stock. About one-half of this was represented by United States Government and high grade railroad bonds, the balance being in railroad stocks, common and preferred, chiefly Baltimore & Ohio, Illinois Central, New York Central, and Chicago, Milwaukee, St. Paul & Pacific, preferred only. The 1928 net earnings were somewhat over $18 of which $8 was derived from "other income," chiefly interest and dividends on securities owned. Frequently during recent years rumors have been spread to the effect that the management was about to segregate part or all of these holdings into a separate investment corporation.

Allied Chemical & Dye Corporation's cash and holdings of marketable securities aggregate about 45% of the company's net worth. Through its operating subsidiaries, Allied Chemical & Dye Corp. represents the greatest chemical enterprise in the world. These huge liquid resources have been steadily accumulated since 1921, and for the last several years the company has had money out on call. It seems likely that the company has accumulated this money for the ultimate purpose of expansion rather than for the purpose of eventually cutting a melon, and this viewpoint

(*Please turn to page* 1166)

Comparison of Net Worth with Cash and Marketable Securities of Ten Leading Corporations

	Net Worth 1928	Cash and Marketable Securities 1928	Cash and Marketable Securities 1923
Allied Chemical & Dye	$232,001,264	$105,185,321	$68,109,254
American Smelting & Ref.	146,280,584	27,222,486	20,837,753
Coca Cola	39,395,196	15,044,548	2,371,004
Du Pont	395,295,103	241,392,590	123,925,882
General Motors	855,374,595	215,905,230	47,079,622
International Match	122,831,000*	107,547,224*	7,190,508†
Island Creek Coal	20,936,484	7,039,930	3,562,571
Standard Oil of N. J.	1,008,073,406*	169,763,891*	86,852,636
Union Pacific	538,276,625*	232,040,744*	224,031,691
United States Steel	1,727,181,949	209,474,180	214,623,654

* 1927. † 1924.

BONDS

The Bond Buyer Seeks an Equity

Recent Popularity of Bonds Carrying Warrants Signalize New Investor Taste

By WILLARD WHITNEY

THE first rail bond in this country carrying stock purchase warrants has just been offered by the Southern Pacific Railroad. This offering calls attention to the record-breaking amount—$292,636,000—of warrant bonds issued in the first quarter of 1929. The Southern Pacific and other warrant issues are a reflection of a rising stock market, a declining bond market and tight money rates.

> *"The warrant bond is a form of hedge. It represents an attempt to gain present safety with a chance to get some of the benefits of speculative profits, on condition of forfeiting the preferred position."*

The warrant bond is a form of hedge. It represents an attempt to gain present safety with a chance to get some of the benefits of speculative profits, on condition of forfeiting the preferred position. It is a desire to "eat your cake and have it too."

Provisions of the Southern Pacific, because it is the first rail warrant bond and the largest warrant issue thus far this year, therefore are interesting. The $65,166,000 of 40-year 4½% debentures are being offered to shareholders of record April 8 in the ratio of 17½% of their holdings at 94 and accrued interest.

Each $1,000 bond carries a non-detachable stock warrant entitling its holder to buy, at any time on or before May 1, 1934, three common shares of the company at $145 a share plus accrued dividend at the then-current rate. This latter provision, more or less, strengthens the impression in railroad circles that Southern Pacific contemplates raising its dividend from $6 to $7 as has been much rumored recently.

What Are Warrant Bonds?

Before discussing what some Southern Pacific holders plan to do with their stocks and bonds, it may be well to define warrant bonds, which are quite different from other types of bonds containing privilege features.

The principal types of privilege bonds are: Convertible, Warrant and Participating issues. Although the three aim to afford the buyer more than mere interest, each uses a different method to effect this enlarged income.

A Convertible Bond must be traded for another security to make it eligible for additional income, but a Participating Bond need not be exchanged in order for its holder to share in stockholders' earnings above regular specified interest rate. Warrant Bonds, on the other hand, may or may not—depending upon whether the warrants are detachable or non-detachable—have to be turned in for other securities to entitle them to income greater than the interest rate appearing on the face of the issue.

The Warrant Bond is an evidence of corporate debt, to which is attached the right to subscribe for stock. This right is evidenced by the attachment to each bond of a negotiable warrant or warrants, reciting the bondholder's privilege.

Value attaches to the warrant only when the company's shares sell at a price higher than that quoted in the warrant, or when there is a prospect or speculative possibility of the market value of the shares advancing beyond the stated subscription price. The subscription privilege attached to the warrant is essentially a "call on the stock." A speculator, therefore, may be willing to risk a price for this call privilege, even though the present market for the shares be under the "call price."

Warrant Bonds, therefore, consist of two parts: the bond and the warrant. The bond usually is not secured by a mortgage but is merely a debenture or unsecured note.

The warrant is neither a bond nor a share. It is not an evidence of a corporate debt, nor is it a share in the company's profits. It is a hybrid security whose value is contingent.

A warrant fundamentally is a long-term call to buy stock. It cannot, by any stretch of the imagination, be considered an investment as it is essentially a speculation. The warrant is a speculative tool with which the possessor is able to speculate without tying up as much funds as would be required for shares. Warrants make possible the spreading of relatively few dollars over a great number of securities.

A Recent Device

The history of warrant bonds is obscure. The ablest security historian in this city found no mention of warrant bonds from the earliest times up to the end of the eighteenth century. Few authors of bond textbooks published before 1925 seemed aware of the existence of bonds with warrants, though at least one such issue—American Power & Light Company 100-year 6% debentures of 1916—enjoyed an active market here and proved very profitable to its holders.

The first time a huge volume of warrant bonds was issued in this market was in 1925 when they approximated $82,010,000. They exceeded the $400,000,000 mark in 1926 but amounted to less than $200,000,000 the following year.

Between 1925 and 1927 security buyers did not suddenly turn bearish on the future of this country and, therefore, quit buying warrant issues. Rather, money had eased during those two years and the bond market turned from a buyer's to a seller's market. Borrowers refused to put warrants on their bonds unless forced to do so, and consequently such issues declined in volume.

This turn in the trend of warrant issues emphasizes salient factors to be considered by prospective buyers of such securities. The buyer of a warrant bond should first ask, aside from the warrant "What is back of the issue?" The second query should be "What are the right conditions con-

tained in the warrant?" The future earning outlook for the industry in which the issuing corporation is engaged also might well be questioned.

Points to Observe

Bonds with warrants rarely are mortgage-secured. Although warrant bonds are issued by many corporations whose credit ratings are of the first grade—such as Southern Pacific Railroad—they also are used by companies with limited borrowing ability. The buyer, in considering the safety of his principal and the regularity of income therefrom, must ascertain the individual credit rating of each company issuing such security.

Study the provisions of the warrant! Do not depend on hearsay! The warrant may be detachable, either within a long or short period after flotation of the bond. The warrants may be non-detachable. They may, in some exceptional cases—where the company is new, or its credit rather strained, or directors generous—call for the gift of a stipulated number of shares of stock.

A convertible bond, both from the investor's and the borrower's point of view, often is preferable to a bond with a detachable warrant.

If purchase warrants are detachable they are frequently clipped off and sold, with the result that the general value of the bonds or debentures is depressed and the credit of the issuing corporation thereby impaired. Some foreign bonds here, especially in the Italian division, have consistently sold below the price of similar grade non-warrant issues only because they were shorn of their warrants. If purchase warrants are non-detachable they are not so attractive marketwise and the borrowing corporation cannot secure as high a price for them as for detachable warrants.

At what price may the stock right be exercised? Some new or weak corporations put the quotation at so high a figure above the offering price that warrant profits, within the given time, appear doubtful. Other corporations, with strong credit positions, make the spread between the bond offering and stock subscription price so narrow that the warrant has only a small value.

The prospective warrant bond buyer should also find out if the "call" is to be exercised on a sliding scale. Frequently the warrant stipulates that the stock may be purchased up to a certain date at say $50; then up to 2 years after that date at $60; and so on, until the bond matures. Utilization of this sliding scale easily brings capital into the corporation.

Unfortunately for the corporation, purchase warrants generally are exercised when the company is most prosperous, i. e., when the common stock is most attractive and the company needs money least.

Scaled stock warrants frequently are used by speculatively-inclined directorates to play the market. A pool is formed. The pool lifts the stock to levels sufficiently high to make the warrants worth exercising. Several recent instances indicated that the mark-up of shares was merely a pretext for the insiders, either getting a profit or bringing about an early conversion, because neither the industrial outlook nor the earning prospects of the corporation justified the level to which the shares were lifted.

Wording of the warrants should make clear: detachability or non-detachability; time of subscription; price of subscription; the exact rights of warrant holders with respect to stock dividends, stock split-ups, exchanges of stock, etc., on the shares which they have the right to purchase between the time the warrant is issued to them and the purchase right is exercised. Several recent warrants are so ambiguous in respect to stock dividends that in one specific instance only the insiders profited by a "melon."

After the prospective warrant buyer has been assured of the security of the bond, the desirability of its call privileges and the earning outlook of the corporation and the industry other queries arise.

Should the holder of a warrant bond obtain a profit by buying shares of stock from the company or by selling his warrant—which usually is transferable—on the market? Could the holder make more money out of an advance in the shares by holding the stock itself thereby securing all of the profit rather than only the difference between the price at which the option becomes effective and the ultimate level it must attain? Detachable warrants enjoy independent markets, but their fluctuations usually synchronize with the bonds and the shares.

Obviously a warrant bond should not be bought by a person unable to assume some speculative risk and who is solely concerned with the safety of principal and the income to be derived therefrom. Several commentators in a somewhat satiric manner suggest that warrant bonds are an ideal investment for banks needing a secondary reserve. It is true warrant bonds would give banks opportunities to make profit and get stocks against which they are now legally prohibited. A secondary reserve requires both safety and liquidity. It is not inconceivable that just when a bank would need funds most urgently would be during a period when its warrant bond holdings were selling around record low levels thereby defeating the primary purpose of a secondary reserve.

Numerous New Issues

Between January 1 and April 8, 1929, there were marketed publicly here $292,636,000 of warrant bonds. Of the 21 issues only one was a railroad. Four foreign issues and one steamship companies were represented. Six of these loans were made for various types of investment corporations. Three utilities, a dairy corporation, a publishing company, two building corporations, a rug manufacturing concern, and two miscellaneous industrials make up the rest of the warrant-bond borrowers in this market.

Sums received from such bond sales range from $500,000 to $65,166,000. Ten issues are below $5,000,000 each while six are between $5,000,000 and $10,000,000. In point of maturity they range from 8 to 40 years. Only three, however, are below 15 years maturity.

The somewhat speculative flavor of the general group is indicated by their interest coupons, which of course partially mirror a tight money market. Seven of these issues carried a 6% coupon and seven a 5% rate while two called for 7% and one each for 5½ and 4½% interest respectively. Three bore 6½% interest. Only two of the issues were brought out above par while one issue was brought out at a price of 90.

Representative Bonds Having Warrants Attached

Issue	Price	Income	Parity Price*	Market Price
Abraham & Straus, Inc., Deb. 5½s, 10/1/1943	108	5.09	115	132
Beacon Oil Co. Deb. 6s, 11/1/1936	111	5.40	19.05	23
Kreuger & Toll Co. Sec. Deb. 5s, 3/1/1959	98	5.10	45	36
Loew's, Inc., S. F. Deb. 6s, 4/1/1941	112	5.40	55	60
Southern Pacific Co. 4½s, 5/1/1969	94	4.78	145	126
Transcontinental Oil Co. 1st Mtge. 6½s, 1938	99	6.45	9	10
Walworth Co. S. F. Deb. "A" 6½s, 4/1/1935	97	6.59	30	36
White Eagle Oil & Ref. Co. Deb. 5½s, 3/1/1937	103	5.34	34	36

* Price at which stock may be purchased with warrants.

Attractive Conversion Feature Offered With Sound Security

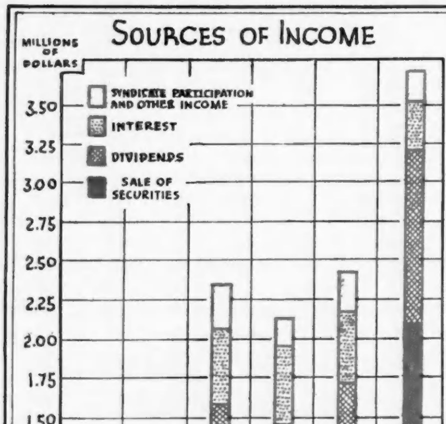
Bond in Favorable Position to Benefit from Remarkable Progress of Corporation

TO American International Corporation belongs the distinction of being not only one of the oldest, but also one of the largest and most successful organizations in the United States operating along the investment trust lines. Started in November, 1915, its original purpose was to participate in enterprises both domestic and foreign with the primary idea of promoting American foreign trade. The corporation, however, has an unusually broad charter and from the first has been a large holder of investment securities.

American International's present standing is all the more remarkable, because for the first eight years, that is to say up to 1923, its record was far from successful, but in that year a new management assumed control and with this occurred a marked change in the character of the company's business affiliations. Prior to this, the corporation, in order to carry out its original idea of international operations had most of its investments tied up in wholly owned subsidiary companies allied to the import and export business, American International Corporation acting as a holding company. With the economic changes brought about in the post-war period, many of these subsidiaries proved unprofitable with the result that the new management adopted the policy to liquidate these and to revise the other investment holdings.

Chiefly an Investment Trust

The carrying out of this policy has naturally meant a fundamental change in the position of the corporation. The liquidation of the unprofitable subsidiaries has practically been completed, and the resources of the corporation are now invested chiefly in large and favorably known domestic companies engaged in a wide variety of activities. In this capacity, American International Corporation is largely an investment trust of the management type, and the portfolio, of course, varies from time to time. While still retaining the idea of international developments, American International has swung to the more basic lines of construction and public utility operations in its directly controlled subsidiaries. It has important interests in



the international engineering and construction business of Ulen & Company and until recently in the International Acceptance Bank, in the organization of which companies it took an active part. The International Acceptances Bank in the latter part of 1928 merged with the Bank of Manhattan Co., American International exchanging its holdings in the stock of the former for the stock of the latter.

In its capacity as an investment trust exclusively, incidentally the only organization of this character whose securities enjoy a New York Stock Exchange listing, the corporation has achieved a high degree of success, quite in contrast to the difficulties encountered during the post-war deflation period. It is generally recognized that the success of an investment trust is dependent almost wholly on the ability of its management and the methods applied to its operations. A glance at the roster of directors gives sufficient assurance as to the ability and backing of American International Corporation, and the results that have been obtained offer sufficient testimony of the successful and conservative policy that has been followed.

One of the basic and most important principles of the investment trust is the element of diversification. In that connection it might be stated that American International's investments are unusually well diversified. Changes in the portfolio are made at the discretion of the management, but in the early part of this year it was comprised approximately of 10% in railroad securities, 38% industrials, 14.5% public utilities, 13% bank stocks, 1.5% foreign securities, 8% oils, and 15% cash. Grouped another way, the investment securities held at the end of last year consisted of 4.3% notes and bonds, 13.8% preferred stock, 13.4% bank stocks, and 68.5% common stocks. Liquidity of its holdings is such that any of the securities held for investment can be disposed of in the short space of 48 hours. In the selection of its securities investments, American International has rightfully earned the reputation of being exceptionally shrewd and sagacious.

Earnings Reflect Excellent Management

To some extent, American International's investment policy is indicated in the accompanying graph showing the source of the corporation's earnings. That the company has been going more and more into common stocks is clearly evident from the steady increase in the income from dividends, while that derived from interest has been shrinking. The successful operations in the market are shown by the large profit on the sale

of securities, particularly in 1928, but also in the years immediately preceding. Syndicate operations, which at one time promised to be an important part of the corporation's business, now constitutes a minor part in the earnings.

Specifically, the 1928 earnings were derived as follows—$2,103,687 from profit on the sale of securities, $1,114,248 from dividends, $296,469 from interest, $168,107 from profit on syndicate operations, and $8,592 other income, making total earnings of $3,691,104. Operating expenses of the corporation amounted to $472,555, interest charges to $104,582, and taxes to $53,127, or a total of $630,264, leaving net income of $3,060,840.

The reported earnings reflect only the profits actually realized during the period. The real earnings cannot be accurately determined for the income statement does not include the entire profits from security sales nor does it take into consideration the factor of paper profits still unrealized at the end of the year. It is the policy of the company to appropriate liberally from the investment profits realized as a reserve against securities owned; that is, to write down the original purchase price of the remaining line of that particular stock. This policy, which is ultra-conservative, shows earnings much below what they actually are, but these are bound to show up at some later period.

At the close of 1928, total assets amounted to $29,830,253, comprised principally of $27,730,069 securities and $1,064,570 cash. Including excess of market above book value of securities, total assets actually were about $41,700,000. In January of this year, an issue of $25,000,000 Convertible 5½% Bonds due in 1949 was floated at a price of 105. Giving effect to this financing and to the appreciation noted above, total assets are now approximately $66,000,000.

The capitalization consists entirely of the $25,000,000 issue of convertible bonds, which incidentally represents working funds obtained on a favorable interest basis from the viewpoint of the corporation, followed by 980,000 shares of no par common stock. The stock was split up on a two for one basis simultaneously with the issuing of the bonds and placed on an annual dividend basis of $2 in cash and 4% in stock. Net earnings on the present amount of common stock was equal to $3.12 in 1928, to $2.05 in 1927, and to $1.82 in 1926.

Bonds in Attractive Position

The 5½% convertible debentures due 1949 are a long time call on the common stock of the corporation, being convertible into stock at the price $80 a share on or before Dec. 31, 1930, $90 a share from then to Dec. 31, 1932, and $100 a share thereafter on or before Dec. 31, 1934, when the privilege ceases. While there is no mortgage se-

(*Please turn to page* 1160)

BOND BUYERS' GUIDE

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1853 (a)	....	...	102½GT	101	5.5	5.4
Dominican 5½s, 1942 (a)	....	...	101G	97	5.7	5.9
Haiti 6s, 1952 (b)	....	...	100	100	6.0	6.0
Argentine 6s, 1959 (a)	....	...	100	99	6.1	6.1
Chile 6s, 1960 (a)	....	...	100	92	6.5	6.6

Railroads

Atchison, Top. & S. F. Conv. 4s, 1955	267.4	5.51	110	87	4.9	4.8
Pennsylvania 5s, 1964	....	3.25	105T	103	4.9	4.8
Illinois Central 4¾s, 1966 (a)	....	1.75	102½GT	98	4.9	4.9
Central Pacific Guar. 5s, 1960 (a)	....	2.25	105GT	101	4.9	4.9
Rock Island-Frisco Terminal 1st 4½s, 1957 (d)	....	X	102½T	91	4.9	5.1
N. Y., Chic. & St. Louis Ref. 5½s, 1974 (a)	59.6	2.12	107½	106	5.2	5.2
Missouri Pacific 1st & Ref. 5s, 1977 (a)	125.2	1.28	105A	97	5.2	5.2
Western Pacific 1st 5s, 1946 (b)	....	1.25	100	97	5.2	5.3
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 (b)	13.9	X	107½T	108	5.6	5.4
Central of Georgia Ref. 5½s, 1959	31.1	1.46	105AG	102	5.4	5.4
Chic. & W. Indiana 1st Ref. 5½s, 1962	49.9	1.50	105	102	5.4	5.4
Nor'n Pacific Ref. & Impr. 6s, 2047 (a)	166.7	2.38	110G	111	5.4	5.4
Wabash Ref. & Gen. 5½s, 1975 (a)	62.4	1.75	105AG	100	5.5	5.5
Great Northern Gen. A 7s, 1936 (b)	139.8	2.31	....	109	6.4	5.5
Baltimore & Ohio Ref. & Gen. 6s, 1995 (a)	284.2	2.05	107½AG	108	5.5	5.5
Southern Railway Dev. & Gen. 6s, 1956	133.8	2.48	....	113	5.3	5.6
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.59	....	88	4.6	5.7
Cuba R. R. 1st 5s, 1952	....	2.78	....	90	5.5	5.8

Public Utilities

Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.62	....	101	4.9	4.9
Pacific Gas & Elec. Gen. Ref. 5s, 1942	34.6	1.92	105T	100	5.0	5.0
Consol. Gas of N. Y. Deb. 5½s, 1945 (a)	....	5.40	106T	105	5.2	5.0
Columbia Gas & Elec. Deb. 5s, 1952	....	5.15	105T	100	5.0	5.0
Montana Power Deb. 5s, 1962 (a)	34.7	2.67	105T	98	5.1	5.1
Utah Power & Light 1st 5s, 1944	....	2.90	105	97	5.1	5.2
Detroit Edison 1st & Ref. 6s, 1940 (b)	14.0	3.27	107½T	106	5.7	5.3
Hudson & Manhattan 1st Ref. 5s, 1957 (b)	5.9	2.63	105	92	5.4	5.6
Amer. Water Works & Elec. Deb. 6s, 1975 (a)	12.7	1.43	110	103	5.8	5.8
Phil. Rap. Trans. 6s, 1962 (c)	10.0	1.31	105	99	6.1	6.1
Twin City Rap. Transit 1st & Ref. 5½s, 1952 (b) (d)	4.4	1.68	105T	91	6.0	6.2
Seattle Electric—Seattle Everett 1st 5s, 1939 (d)	....	2.01	105	96	5.6	6.4

Industrials

Gulf Oil Deb. 5s, 1947 (c)	....	4.59	104AT	100	5.0	5.0
Youngstown Sheet & Tube 1st 5s, 1978 (a)	....	3.74	105T	100	5.0	5.0
Allis Chalmers Deb. 5s, 1937 (a)	....	4.61	103T	99	5.1	5.2
International Match Deb. 5s, 1947 (a)	....	57.03	103T	95	5.3	5.4
Chile Copper Deb. 5s, 1947 (a)	....	5.69	102T	96	5.2	5.4
Amer. Cyanamid Deb. 5s, 1942	....	9.52	100	96	5.2	5.4
Bethlehem Steel Cons. 6s, 1948	101.3	2.64	105	104	5.8	5.7
Sinclair Pipe Line 5s, 1942 (a)	....	3.68	103	93	5.4	5.7
B. F. Goodrich 1st 6½s, 1947 (a)	....	2.61	107A	107	6.1	5.8
U. S. Rubber 1st & Ref. 5s, 1947 (b)	2.6	1.70	105A	91	5.5	5.8
Loew's Inc., 6s, 1941 (ex-war.) (a)	....	6.70	105T	98	6.1	6.2

Short Terms

Brooklyn Edison 6s, Jan. 1, 1930 (a)	12.0	5.87	105	100⅜	6.0	5.3
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 (a)	17.3	2.12	102	100¾	5.9	5.6
Amer. Cotton Oil 5s, May 1, 1931	....	19.32	105	98⅛	5.1	6.0
Central of Georgia Sec. 6s, June 1, 1929	31.0	1.46	101AT	99¾	6.0	6.0
Sloss-Sheffield P. M. 6s, Aug. 1, 1929	1.6	3.75	105	99½	6.0	6.1

Convertible Bonds

	Conv. Into					
Inter'l Tel. & Tel. Deb. 4½s, '39	Com.@200	6.02	102½	124	3.6	..
Atch. Top. & S. F. Deb. 4½s, '48	Com.@166.6	5.51	102	112	4.0	3.6
Inter'l Cem. Corp. Deb. 5s, '48	Com.@90.90	4.61	105	103½	4.8	4.7
N. Y., N. H. & Hart. 6s, '48	Com.@100	1.69	...	120	5.0	4.4
Chesapeake Corp. Col. Tr. 5s, '47	C & O@220	2.45	100	99¼	5.0	5.1
Amer. Inter'l Corp. Deb. 5½s, '49	Com.@80	2.34	105	103	5.3	5.2

All bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100. Earnings are on five-year average basis unless available only for shorter period.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

Associated Gas & Electric Co.

ASSOCIATED GAS JOINS RANKS *of* MAJOR HOLDING COMPANIES

Consolidation with General Gas & Electric Signifies More Rapid Development

Five Years of Steady Growth

	Gross Earnings	Net Income	Total Assets	Total Funded Debt	Sales of Electricity K. W. H. (Millions)
1924	$ 5,312,617	$ 759,865	$ 62,257,097	$ 20,452,900	477.92
1925	18,676,887	2,332,167	209,601,177	85,034,850	556.29
1926	28,063,025	3,867,226	255,161,569	118,296,200	650.52
1927	31,323,286	6,258,652	312,701,682	143,789,000	707.75
1928	†42,163,741	6,495,592	*329,959,103	*168,381,872	760.35

† Including other income. * As of May 31, 1928.

THE Associated Gas and Electric Company of to-day bears but a remote resemblance to that of some eight years ago. The company has been undergoing a metamorphosis which, though still incomplete, has brought it from the status of a comparatively weak, scattered, aggregation of loosely related operating units into rank among the larger and more important public utility holding corporations.

It has existed under the present corporate title since 1906, succeeding "The Associated Gas & Electric Companies." The latter controlled a group of utility properties collected about the Ithaca Gas Light Co., established in 1852. After functioning as an independent organization for nearly half a century, the owners of the Ithaca company acquired sundry other utility enterprises in the south central portion of New York State. These constituted the holdings of the "Associated Companies" to which the existing Associated Gas and Electric Company fell heir.

Early Handicaps

Although gross earnings of the system exhibited the growth characteristic of public service companies, the average net income of the organization, prior to 1921, was not impressive. It was handicapped, to a considerable extent, of course, by the problems that beset all utility companies between 1916 and 1922, when operating costs were high and rates unduly low.

Apparently, however, Associated's backwardness rested upon other, equally fundamental difficulties. The company was one of the earliest holding corporations formed to apply centralized management and geographical distribution of activities to the operation of public utility properties. Territorial diversification, though a source of strength and stability in the case of the average holding company, appears to have been a source of weakness in this instance, due to the fact that such distribution existed to the point of isolation.

In earlier years, the company controlled a limited number of minor, scattered electric and gas properties, operating in New York and Kentucky, with one small subsidiary in Ohio. Additions were gradually made to these holdings, however, until now, the Associated Gas & Electric System comprises five principal groups of public utility enterprises.

The Associated Electric Co. controls the parent organization's subsidiaries supplying electricity, gas, water, ice and steam heating, in Eastern and Western New York, Long Island and Pennsylvania. It likewise controls those properties known as the Kentucky-Tennessee-Indiana and the Manila groups. The latter, operating in the Philippines, supplies electricity to a population of 400,000 and operates the entire street railway system in the City of Manila and its environs.

The remainder of the properties grouped under Associated Electric Co. include the New York State Electric Corp., controlling properties in Staten Island; the Maritime Electric Co., Ltd., operating in Nova Scotia, New Brunswick and Prince Edward Island; Gas Utilities, Inc., furnishing manufactured gas to 17 communities in Illinois, Indiana, Pennsylvania, Ohio and South Dakota; and the Van Wert Gas Light Co., operating in Ohio.

Affiliated Companies

In 1926, the Railway & Bus Associates was organized as an independent affiliated company to take over operation of certain ferry and street railway companies operating in Staten

Island and Massachusetts. Similarly, in 1927, a number of Associated's subsidiaries, formerly embraced in what was known as the New England Group, were transferred to the New England Gas and Electric Association. Controlled by the same interests and also under the operating management of the J. G. White Management Co., the New England Gas and Electric is not at present owned or controlled by Associated Gas & Electric, although it is regarded as the second main division of the System.

Constituted as above outlined, the Associated properties last year served 600,000 consumers in 1,000 communities, geographically distributed to include agricultural, mining, summer resort, industrial and residential regions. From these operations, the system realized gross earnings of more than 42 million dollars. In 1920, the Associated subsidiaries served approximately 350,000 customers and reported gross earnings of a little more than 23 million dollars.

This growth represents one phase of the transformation that has been wrought within the parent company's system since the present financial management took hold during 1921. At that time, the low average earning capacity of the several more or less independent operating companies and their resultant mediocre credit standing stood in the way of expansion.

Improved Financial Structure

Owing to these conditions and the existence of sundry senior bond obligations placed directly upon the operating properties, the net earnings of the system were largely absorbed in caring for fixed charges. The second phase of Associated Gas and Electric's metamorphosis began, therefore, with the elimination of these subsidiary bond issues and their replacement by preferred stock issue of the parent company.

Since adoption of the present financial policy in 1921, whereby the operating companies were relieved of burdensome capital structures and financing accomplished through the central medium of the holding company, consistent progress has been manifest in the system's earnings.

Sundry capital obligations of Associated Gas and Electric were issued from time to time, as opportunities for acquisitions and expansion of the existing plants were presented. One of these pieces of major financing, an offering of 65 million dollars of 5½% convertible gold bonds of the Associated Electric Company, sold in 1926, represented an achievement in the history of public utility financing up to that time. The issuance of additional bonds on a gradually lowering yield basis and the subsequent financing of the system's needs through common stock issues of the parent company demonstrates the gradual improvement in its status as a major holding concern.

The extent to which Associated's credit standing has improved as a result of the present financial policy is illustrated by the fact that, while the system's total funded debt has maintained a practically constant ratio to total assets of approximately one to two, the amount of mortgage and secured debt had decreased from 85.03 million dollars in 1925 to 38.04 millions in 1927, or from a ratio of roughly 2½ to 1 to a ratio of nearly ten to one.

By virtue of this favorable change in credit relationships, the company's program for rounding out the original subsidiary operations and for consolidating their activities into more profitably functioning units, through interconnection and the like, has steadily enhanced the aggregate earning capacity of the properties as a whole.

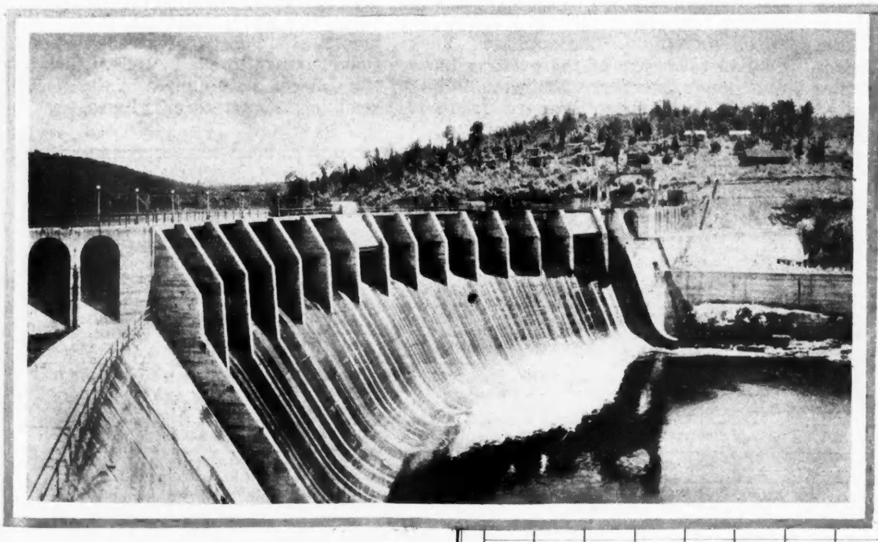
Acquisition of General Gas

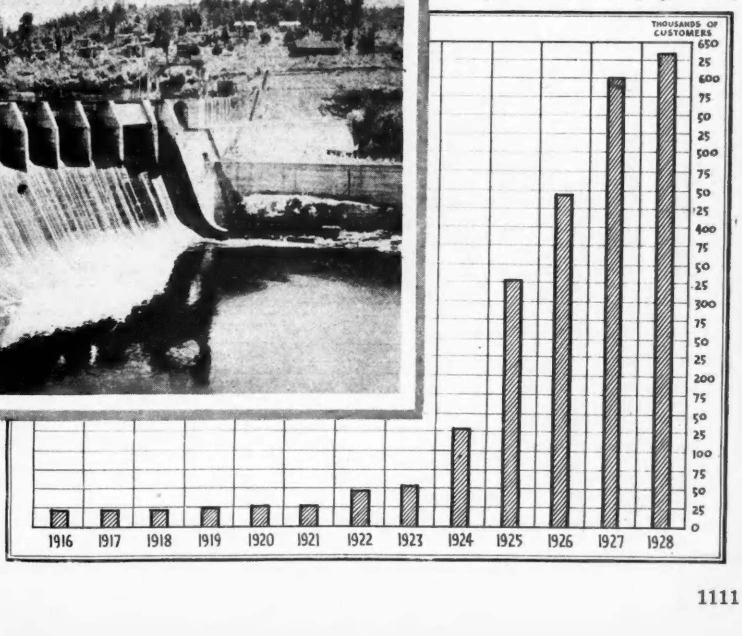
But while the scope of operations has been steadily enlarged in recent years, the most important step in this direction, and one that is of special interest at this time, was the very recent acquisition by Associated Gas and Electric of the General Gas & Electric Corp. By this stroke, the combined companies have been brought into a prominent position among the larger public utility holding organizations. Adding to Associated Gas and Electric's gross earnings of 42 million dollars last year, those of General Gas & Electric for the same period, the consolidated properties have a combined gross earning power of more than 65 million dollars.

Aside from the advantages accruing over the longer term through centralizing management and control of the various properties represented in the Associated and General groups, the merging of interests should prove of particular benefit to the former. That is, the process of consolidating and unifying operations, which has been an integral part of Associated's program during late years, has been materially hastened by this substantial acquisition.

General Gas & Electric's properties in South Carolina and Florida will, of course, further diversify the geographical scope of the Associated System. Probably more important from an economic standpoint, however, is the fact that the former's plants in Pennsylvania, New York and New Jersey, may be linked readily with those of Associated, thus forming an extensive interconnected power system.

As is the case with Associ- (*Please turn to page* 1144)





Above—Piney Hydro-Electric Dam, Piney, Pa.

At right—Chart showing growth in number of customers served by Associated Gas and Electric

Reading Company

STRONGLY SITUATED MERGER CANDIDATE

Well Managed Eastern Carrier Has Promising Future

By MAX HALPERN

THE proposed consolidation plans of the Baltimore & Ohio which were recently announced have drawn considerable interest to Reading, inasmuch as this carrier was included in the list of various roads, essential to the plans of the former. Reading's important strategic position was recognized many years ago. In 1903 the Baltimore & Ohio acquired an interest in the property jointly with the Lake Shore, then a subsidiary of the New York Central. What practically amounts to control has since been shared with the latter road.

Of Value to Two Systems

Reference to the accompanying map most strikingly indicates why Reading occupies so important a position from a major standpoint in eastern trunk line territory. A considerable volume of eastbound coal originating on the Baltimore & Ohio is received by Reading at Shippensburg, Pennsylvania. This traffic is so diverted because of the heavy eastbound freight movement on the former road between Cumberland and Baltimore, Maryland, on which division the density is heavier than anywhere on the system. Reading also carries between Shippensburg and Williamsport, Pennsylvania, and the Atlantic seaboard, a volume of bituminous coal, exceeding its own anthracite shipments, notwithstanding the fact that Reading is the largest anthracite carrier.

Although the foregoing indicates how important a factor Reading appears in the consolidation plans of the Baltimore & Ohio, it is of great strategic value also to the New York Central. In the annual report for 1923, the management of the latter road desired the Catawissa branch of the Reading and its valuable subsidiary, the Central Railroad of New Jersey, to develop an additional trunk line between Ashtabula, Ohio, and New York City to take care of the existing business now converging upon its main line at Buffalo and the Niagara frontier. The New York Central also desired the Central Railroad of New Jersey, because of its excellent facilities in New York Harbor and its importance as an originator of anthracite coal. It was Central's contention that better service could be rendered as a distributor of anthracite coal as an originating carrier. While the foregoing considerations add greatly to Reading's merit in any consolidation plans in the East, its ability to function as an independent carrier, a factor largely attributable to its capable management, as well as the physical location of its lines, should not be overlooked.

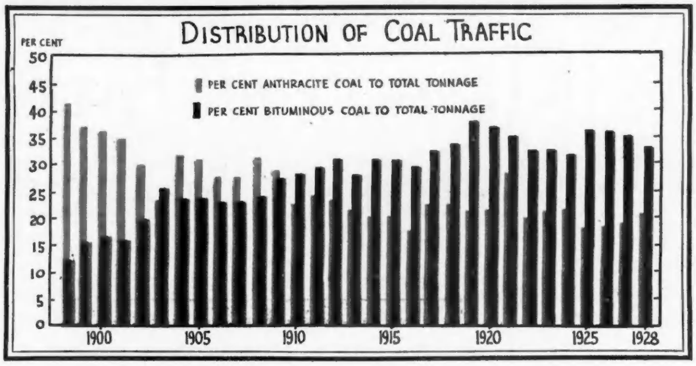
Large Relative Tonnage

Although Reading reported a total of 2,172 miles of road operated in 1928, its position is most unique. Ranking forty-sixth from the standpoint of mileage, its tonnage was exceeded by only four other railroads in 1927, which are the last complete figures available. Resembling a vast terminal property lo-

Reading Company—Revenue Statistics

	1923	1924	1925	1926	1927	1928
Revenues—Passenger	10,635,379	10,187,574	9,881,422	9,794,350	8,992,777	7,774,671
Revenues—Freight	88,223,279	76,816,271	76,682,995	84,021,085	78,575,600	76,311,737
Total Railway Operating Revenues	105,807,431	92,068,258	91,496,379	99,290,135	92,590,435	89,940,033
Transportation Expense	34,030,945	34,030,945	33,152,857	34,958,857	34,894,428	33,019,183
Percent Transportation Expense to Gross Revenues	32.1	36.9	36.2	35.21	37.7	36.7
Railway Operating Expense	76,758,908	70,306,556	68,633,515	73,508,750	71,880,069	69,826,345
Operating Ratio	72.5	76.4	75.4	74.03	77.63	77.6
Equipment Hire—Credit	2,254,341	1,169,012	1,537,333	1,415,768	839,954	1,087,114
Net Rt. Operating Income	26,655,425	18,967,741	20,354,629	22,032,862	16,790,120	17,098,848
Non-Operating Income	7,457,822	4,668,775	5,220,323	4,836,688	5,095,461	6,224,824
Interest and Rentals	8,727,200	8,515,200	8,415,333	8,338,429	8,388,922	8,232,983
Net Income	25,386,171	15,121,316	17,159,618	18,531,121	13,496,659	15,090,689

cated in one of the most highly industrialized regions of the United States, its traffic density per mile of road is exceedingly heavy.



None the less striking has been its transformation from a traffic standpoint. Once largely dependent upon anthracite coal for the greatest part of its business, this commodity now comprises but 20% of the total tonnage transported, which compares with an average of approximately 40% at the beginning of the present century. This change is not so much the result of any loss in the volume of anthracite traffic, as it is to the proportionately greater increases in manufactures and bituminous coal. Whereas, the latter constituted 15% of the tonnage in 1900, its growth has proceeded at such a rate that in recent years it has averaged over a third of the revenue freight transported.

This transition is not without some compensation, insofar as the effects on revenues were concerned. Prior to 1897, when anthracite amounted to almost one-half the entire tonnage of the company, any suspension of mining in the anthracite regions resulted disastrously to the revenues of the company.

Products of mines comprised the most important group of commodities, amounting to 64%. Manufactures ranked next in importance, comprising 26.3% of the tonnage. The balance, products of forests, agriculture and animal and products, averaged 3%, 2.9% and 15% respectively, during 1923-1928. Less car load freight averaged 3%. Revenues transported totaled 63.5 million tons in 1928 as compared with 70.5 millions in 1923. The long term trend of traffic although subject to very wide fluctuations, is upward. Because of the compact character of the company's mileage, hauls are short, averaging 100 miles, consequently, rates per ton mile are high, notwithstanding the fact that only 35% of the tonnage carried originates on the company's own lines. Although both bituminous and anthracite tonnage in 1928 comprised 54% of the total revenue freight transported, revenues derived from both of these commodities comprised less than 41%.

Temporary Decline in Revenues

The trend of revenues since 1923 has been downward, but it is doubtful if this is permanent. In 1928, total operating revenues were $89,940,033 as compared with $105,807,431 in 1923, a reduction of $15,867,398. Of the foregoing loss, $2,860,708 is due to decreased passenger revenues, mainly from motor bus competition. The lines of Reading serve a densely populated territory, which is highly competitive from a passenger standpoint. The company now operates motor bus coaches itself, to supplement its rail service, through the medium of a subsidiary, the Reading Transportation Company. Thus far, through this subsidiary, some unprofitable lines have been eliminated and some economies have been effected.

That the company plans to develop its passenger business is further attested by its electrification program. It serves a large suburban territory contiguous to Philadelphia and its commuter service therefore, is susceptible to considerable development.

Freight business reflected a considerable decline in 1928, revenues therefrom were $76,311,737 as compared with $88,222,279 in 1923. Total operating revenues decreased $16,867,398 during the period under consideration. Reading's ability to reduce operating expenses in proportion to the decline, is somewhat obscured by heavy expenditures on maintenance of equipment and maintenance of way, especially the latter. Notwithstanding a reduction in operating expenses from $76,758,908 to $69,826,345, maintenance expenditures decreased but $1,764,604. Maintenance of equipment undoubtedly was ample, judging by the condition of the company's equipment, Reading's standards in this regard have always been very high.

Repairs to freight cars which appeared rather high in 1923 have been reduced to more normal costs. These declined from 2.71c in 1923 to 1.62c

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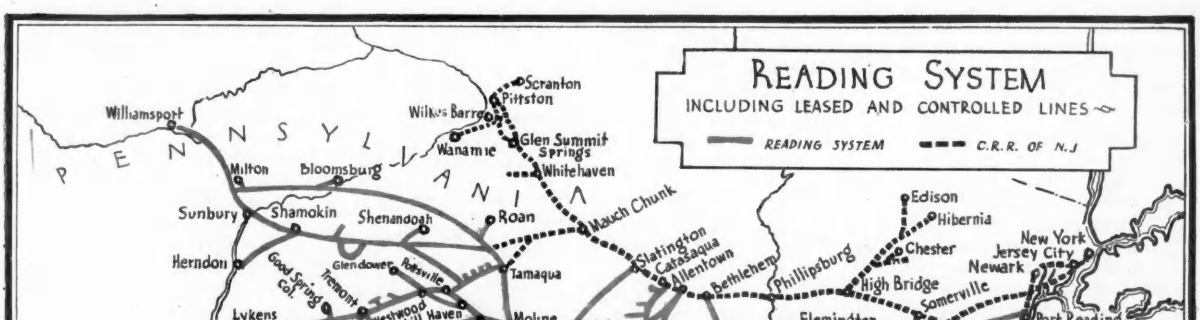
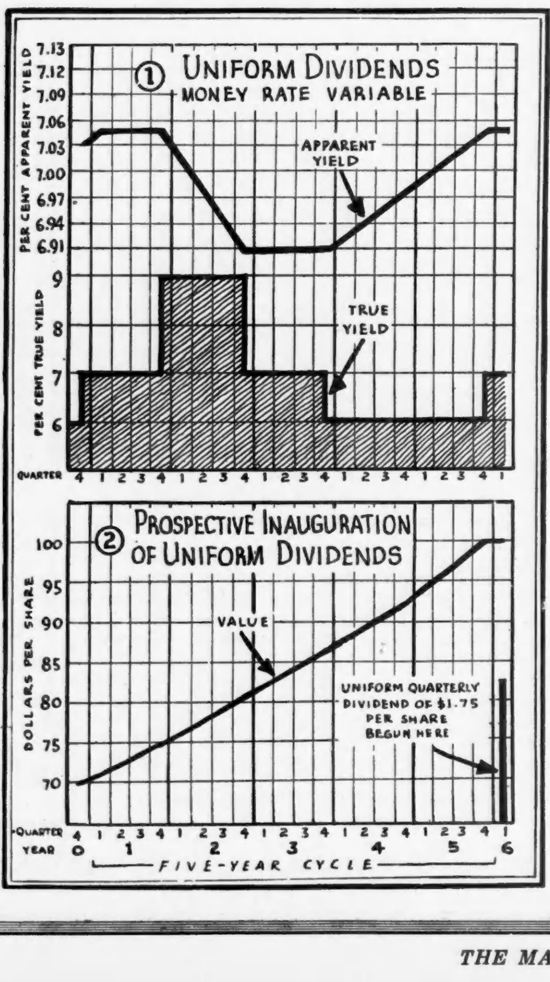


A New Method *of* Estimating *the* Investment Value *of* Common Stocks

By JOHN DURAND

THE apprehension of the Federal Reserve authorities that the stock market is absorbing funds that are needed, or will be needed, by merchants and manufacturers is a factor that may be entirely independent of the question of whether or not the market, per se, is too high. To arrive at such an independent appraisal of the market, however, it is obvious that a new method of estimating the investment value of common stocks must be found. And it is with the aim of assisting the investor to clear up the latter question to his own satisfaction that the following method is presented.

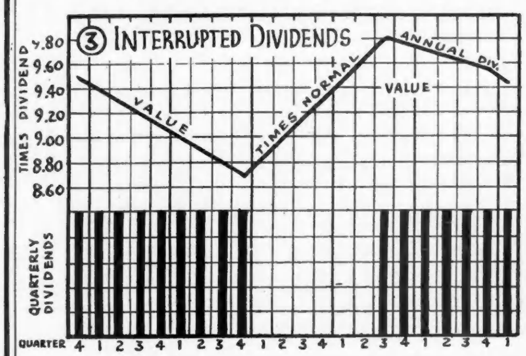
From the investment viewpoint it is impossible to say whether the market at any time is too high or not. The investor must confine his commitments to a comparatively few number of issues; he cannot buy the whole list. Some stocks are now undoubtedly overvalued; others will increase their dividends and sell higher in years to come, and so must now be undervalued as investments. The problem here, then, is to select issues which are undervalued from the long range viewpoint, and to avoid those which are destined to work lower ultimately. It is sometimes desirable, though not essential, for an investor to wait for a reaction before buying; but reactions, and even primary bear markets, are not so important to the investor as to the trader. The trader is obliged to take reactions and bear markets into the reckoning; because nearly all stocks—good and bad—decline at such times and it is little consolation for a trader faced with a large paper loss to be told that his stock will sell higher a few years from now. What he plans is to profit by relatively nearby fluctuations that arise frequently from causes, such as passing disturbances in the money market, which bear little relation to changes in intrinsic values. *In the long run, however, competition among investment media causes stocks and bonds to sell as close to their intrinsic values as known facts and the supply of credit will permit.*

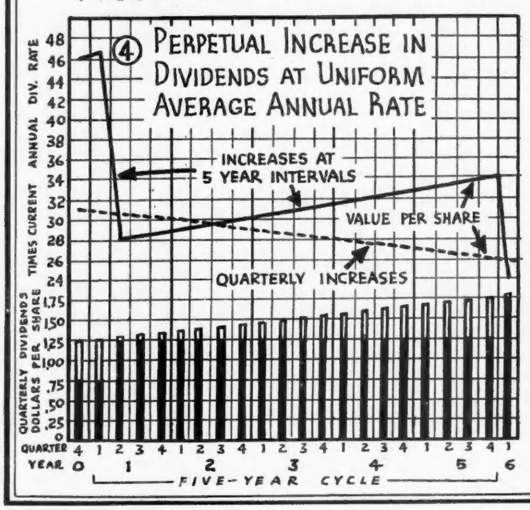


The outstanding difficulty in judging whether or not stocks are selling too high on an investment basis is to agree upon a common standard by which values may be measured. The three methods in common use are based upon "Discounting the future," the "Times earnings" ratio, and the "Yield" basis. If correctly applied, all three of these methods, as we shall see presently, bring identical results; but analyses based upon a superficial understanding of the principles involved frequently lead to startling discrepancies and uncertainties in their conclusions.

Short term notes are the simplest of all investments to evaluate. For example: with money worth 6%, what is the value of a six-month note for $1,000, bearing interest at the rate of 5% per annum? Obviously its investment or intrinsic value is the present worth of the principal plus the present worth of the interest. This is $1,000 divided by 1.03 plus $25 divided by 1.03, namely, $970.87 plus $24.27, or $995.14. The proof of this is that, after six months, you will get back $1,025 for an investment that cost $995.14. The difference, $29.86, is 3% on your six-months' investment, which is at the rate of 6% per annum. The return of $29.86 is composed of $25.00 in interest and $4.86 in appreciation of principal. Had the note been for two years, with interest payable semi-annually, the method of computing its investment value would have been the same, though complicated by compound interest.

Preferred stocks are the next easiest to evalu-





ate, and then come bonds and common stocks; but the same general principle is involved in all types of investments. Let us say, then, that *Intrinsic Value is the present worth of all future cash receipts from an investment,* and see where the definition leads us. We have just used the method to find the investment value of short term notes, and all the text books employ it in computing bond yields. So far as we know, though, the first application of the formula to evaluate common stocks was outlined in Chapter XI of *The Business of Trading in Stocks,* published by THE MAGAZINE OF WALL STREET. When applied to preferred stocks it yields, as will appear presently, rather surprising results.

The true investment yield of a security usually differs widely from its apparent yield. The latter is commonly figured by computing the percentage ratio of annual dividend or interest disbursements to current market price, and is frequently a highly misleading guide to values. In the short term note example the true yield was 6%; but the apparent yield was the percentage ratio of \$50 to \$995.14, namely, 5.03%. On bonds, the true yield is called: "Yield to maturity," and apparent yield is usually referred to as: "Current yield." In the case of long term bonds, there is little difference between the current yield and yield to maturity; but even here "True yield" and "Yield to maturity" are by no means always synonymous. True yield varies with current money rates, whereas yield to maturity presupposes a fixed rate of return on the investment.

It will be assumed throughout the following computations that *the intrinsic value of good common stocks is at all times such that the true yield will be 2% above the prevailing rate for time money.* As a matter of experience it has been observed that the market price does tend to seek this level. It should be emphasized, however, that we are now talking about investment worth—not market prices. In order to determine the influences which fluctuations in the money market exert upon intrinsic values let us assume the old fashioned economic cycle in which business, interest rates, and security prices traveled a typical path of ups and downs about every five years. Assume further that 5% is the prevailing rate for 90-day time money during the opening year of the cycle, 7% the second year, 5% the third year, and 4% during the fourth and fifth years. Common stocks should thus be worth a true yield of 7% during the first year, 9% the second year, 7% the third year, and 6% during the fourth and fifth years. This is indicated by the shaded area marked, "True yield," in Number I of the accompanying chart. Applying the present worth theory of intrinsic value, it is not difficult to compute that any stock which pays uniform quarterly dividends from now to the end of time, when selling on a 7% true yield basis, will show an apparent yield indicated by the dotted line marked "Apparent yield."

Examination of the graph yields several interesting conclusions which apply not only to common stocks, but also to non-callable and non-redeemable preferred stocks. It will be noted that the apparent yield, and hence the market price, of a stock which always sells at its real value as an investment will not vary more than 2% between its high and low points for the entire cycle. For this reason we may greatly simplify our calculation of intrinsic values by assuming a steady average value of 5% for time money throughout the entire cycle, and a uniform true yield of 7% for all common stocks. The second conclusion to be derived from the graph is that if stocks always sold for their true value, they would advance slightly during periods of tight money and decline a little while time money ruled below the five-year average rate. In other words, they would discount coming changes in interest rates. In practise they do the opposite. Even the highest grade bonds and preferred stocks decline with advancing interest rates, and hence fall below intrinsic value, under the influence of fear and forced liquidation. Thus: *Common stocks whose dividends are uniform, and unquestionably secure, are attractive as investments in proportion as apparent yield rises above 7%.*

(Please turn to page **1116)**

Recent new market behavior has brought drastic changes in methods of operation, and has swept aside many of the old yardsticks by which security values were commonly gauged. This interesting exposition of the real basis for evaluation of securities under modern conditions should prove a most helpful and practical contribution to the thoughtful investor.

(Continued from page 1115)

In applying this rule, however, it is important to recall that high apparent yields during a period of low interest rates frequently point to coming reduction in the dividend.

Chart Number III shows the curve of intrinsic value, expressed as a multiple of the normal annual dividend rate, for a common stock that pays thirteen regular quarterly dividends during the five-year cycle, but omits dividends for seven consecutive quarters. It will be noted that the investment value here declines from a maximum of 9.84 times the normal annual dividend, just prior to resumption of dividends, to a low of 8.71 times the dividend, shortly before the dividend was omitted. The path of intrinsic value here resembles actual market performance in so far as it discounts the coming changes in dividend; but the maximum decline of 11.5% in intrinsic value is much less than the actual depreciation in market value which usually results from the omission of a dividend. Hence we find that *common stocks are frequently desirable purchases when the dividend is passed during times of depression in the industry.*

Chart Number II shows what a non-dividend paying common stock is worth prior to inauguration of uniform dividends at some time in the future. If the dividend, when inaugurated, it at the uniform rate of $1.75 quarterly, the stock will then be worth $100. Five years earlier, according to the graph, it is worth about $70 a share. This explains why non-dividend paying stocks frequently sell at seemingly high prices.

The two graphs in Chart Number IV present the paths of intrinsic value, expressed as multiples of the current annual dividend, for common stocks whose dividends are constantly raised at the rate of a uniform number of dollars per share per annum. The dotted line shows values when these increases take place quarterly: the zig-zag full line gives values when the increases are at regular five-year intervals. In the example here selected, the average annual rate of increase is forty cents, and the five-year cycle opens with a quarterly dividend of $1.25. Here investment values range from about 46 down to 24 times current dividends. If 50% of earnings are paid out as dividends, the times earnings ratio would range from 23 down to 12. A more rapid rate of increase in dividends, or earnings, would make a stock worth a still higher ratio to dividends and earnings.

When people tell you that a stock is high because it is discounting the future, you can refer to these charts, and apply the foregoing principles of true value, to estimate about how big a future current market prices are discounting. If they discount too much, you may then presume that the stock is selling in excess of its true investment value, and look elsewhere in the list for your opportunities.

Preferred Stock Guide

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	160.35	133.40	133.73	No	86	4.7
Union Pacific	4 (N)	41.17	39.35	NR	No	82	4.9
Atchison, Top. & S. Fe	5 (N)	48.83	40.47	40.21-P	No	103	4.9
Pere Marquette Prior	5 (C)	68.77	64.08	75.60	100	99	4.9
Baltimore & Ohio	4 (N)	48.41	38.44	49.44-P	No	78	5.1
Southern Railway	5 (N)	39.33	36.17	32.11	100	97	5.2
Colorado & Southern 1st	4 (N)	52.56	57.76	49.45-P	No	77	5.2
Wabash "A"	5 (N)	11.86	6.87	9.24	110	93	5.4
St. Louis Southwestern	5 (N)	12.00	9.30	8.84	No	90	5.6
N. Y., Chicago & St. Louis	6 (C)	24.65	20.31	17.68	110	108	5.6
Colorado & Southern 2nd	4 (N)	48.50	53.76	45.46-P	No	72	5.6
Kansas City Southern	4 (N)	10.86	9.04	11.95-P	No	68	5.9
N. Y., New Haven & Hart	7 (C)	....	22.05	34.40	115	116	6.0
**St. Louis, San Francisco	6 (N)	16.12	15.23	17.44	115	94	6.4
Missouri, Kans. & Tex	7 (C)	....	13.06	16.34	110	103	6.8

Public Utilities

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Public Service of New Jersey	8 (C)	§21.46	§16.28	20.92	No	150	5.3
Philadelphia Co.	3 (C)	24.20	28.28	NR	No	53	5.7
Columbia Gas & Electric	6 (C)	27.81	25.42	30.78-P	110	105	5.7
Amer. Water Works & El	6 (C)	22.63	24.30	31.05	110	99	5.9
Federal Light & Traction	6 (C)	41.51	39.67	49.93	110	99	6.1
Standard Gas & Electric	4 (C)	20.00	16.20	NR	No	65	6.2
Electric Power & Light	7 (C)	13.83	16.21	17.49-P	110	107	6.5
Hudson & Man. R. R. Conv.	5 (N)	40.32	40.70	37.02-P	No	75	6.7
Postal Tel. & Cable	7 (N)	....	....	7.19	110	103	6.8
Continental Gas & Elec. Prior	7 (C)	26.28	32.71	NR	110	102	6.9
Amer. & Foreign Pow. 2nd	7 (C)	8.89	3.58	NR	105	91	7.7

Industrials

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Mathieson Alkali Works	7 (C)	67.86	74.06	84.50	No	123	5.7
Deere & Co.	7 (C)	23.22	25.74	NR	No	123	5.7
Case (J. I.) Thresh. Mach	7 (C)	29.39	38.43	32.59	No	122	5.8
General Cigar	7 (C)	51.26	67.32	62.81	No	120	5.8
Bethlehem Steel Corp	7 (C)	20.84	16.32	19.16	No	118	5.9
Baldwin Locomotive	7 (C)	29.42	12.21	1.66	125	118	5.9
Associated Dry Goods 1st	6 (C)	27.67	24.10	24.55	No	100	6.0
Brown Shoe	7 (C)	29.69	44.12	35.27	120	117	6.0
American Locomotive	7 (C)	20.88	16.60	10.83	No	115	6.1
Crucible Steel	7 (C)	26.19	22.47	22.54	No	115	6.1
International Silver	7 (C)	24.39	30.82	27.48	No	115	6.1
Goodrich (B. F.) Co	7 (C)	13.96	39.19	10.36-P	125	113	6.2
Bucyrus-Erie	7 (C)	....	....	39.34	120	113	6.2
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	113	6.2
Loew's, Inc.	6½ (C)	....	....	57.12	105	100	6.5
Bush Terminal Debentures	7 (C)	16.81	18.88	20.55	115	108	6.5
Cities Service "BB"	6 (C)	21.13	25.92	NR	106	92	6.5
U. S. Smelting, Ref. Mng	3.5 (C)	6.25	6.28	NR	No	53	6.6
American Sugar	7 (C)	14.08	7.97	14.60	No	106	6.6
Commerce, Investm. Trust 1st	6½ (C)	27.72	24.36	45.50	110	99	6.6
General Cable Co	7 (C)	27.69	25.72	25.92	110	105	6.7
Glidden Co. Prior	7 (C)	23.91	32.69	32.69	105	104	6.7
Goodyear Tire & Rubber	7 (C)	11.83	18.80	18.90	110	103	6.8
Tidewater Assoc. Oil conv	6 (C)	13.35	7.35	19.49	105	88	6.8
Otis Steel Prior	7 (C)	16.36	11.80	28.68	110	102	6.9
Consolidated Cigar Prior	6½ (C)	....	26.45	32.74	105	92	7.1
International Paper	7 (C)	11.31	7.42	NR	115	90	7.8

C—Cumulative. N—Non-cumulative. † Cumulative up to 5%. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock. NR—Not yet reported. P—Preliminary.

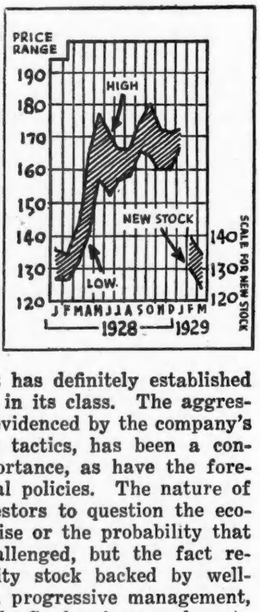
INDUSTRIALS

OPPORTUNITIES *in* STOCKS FAVORED *by* SEASONAL INFLUENCES

Certain industries are unusually active at various seasons in response to increased demand for their products. This is frequently reflected in the market price of the securities of the leading companies. In this feature we have selected six stocks commonly susceptible to favorable trade development during the spring and summer season and which offer corresponding opportunities for profit.

Coca-Cola Co.

THE Coca-Cola Co. is, by a considerable margin, the largest producer of soft drinks in the country and there is probably no retail product that is better known than the one which is marketed by this company. Competition among soft drink manufacturers, particularly since the enactment of the Eighteenth Amendment, has been intensive, but judging from the company's ability to achieve an uninterrupted expansion in both sales and earnings during the past five years, the quality of its product has definitely established it as the most popular beverage in its class. The aggressiveness of the management, as evidenced by the company's highly successful merchandising tactics, has been a contributory factor of marked importance, as have the foresighted and conservative financial policies. The nature of its business may lead some investors to question the economic importance of the enterprise or the probability that its prestige will continue unchallenged, but the fact remains that where a sound equity stock backed by well-established earning power and a progressive management, is sought, the history of Coca-Cola Co. has been such as to considerably alleviate any doubt regarding the qualifications of the common stock.



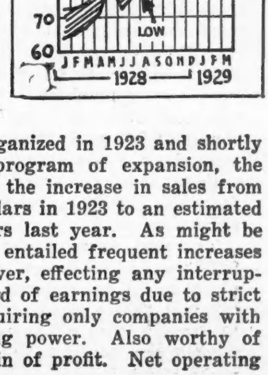
In the company's latest report to stockholders, the words, "1928 takes its place in the proud history," appear, and from the accompanying data it is readily apparent that the management was fully justified in pointing with pride to the past year, for it was the sixth consecutive one in which sales exceeded the previous twelve months and it was the fourth year in which all sales records in the history of the company were broken. Profits maintained the steady upward trend which has been in evidence since 1923 and reached a new high total of $10,189,120, after all expenses and deductions.

Earlier this year, stockholders received a 100% stock dividend payable in $3 cumulative class A stock and capitalization is now comprised of one million shares each of class A and common stock. Net income in 1928 would have been equal to $7.19 per share of common stock, after allowing for dividends on the class A shares. This figure represents a gain of 11% over 1927 and 125% over 1923. Financial position of the company at the close of the past year was exceptionally strong with working capital 48% greater than at the close of 1927 and cash and government securities totalling more than 17 times current liabilities. With earnings likely to exceed $8 per share in the current year and well fortified financially, the company could readily increase the present dividend of $4 per share.

The management has committed itself to an extensive expansion policy, particularly in foreign fields, important operating savings effected in 1928 should be extended in the current year and the unfolding of plans for a nation-wide advertising campaign will undoubtedly produce the desired effect upon sales. While sales are less subject to seasonal tendencies than might be supposed the approach of warm weather usually signalizes a sharp upturn, as well as the focusing of investment and speculative attention on the company's shares. *Purchasing with the intention of holding for the moderately long pull, Coca-Cola common stock should prove a conservative and profitable medium.*

National Dairy Products Corp.

THE history of the National Dairy Products Corp. has been one of consistent progress from the time of its original inception in 1881 and through the steady acquisition of thoroughly established subsidiaries has attained the leading position in an industry noteworthy for its fundamental stability and importance. The bulk of the company's products are every-day necessities which are marketed largely on a cash basis, enabling a rapid turnover and the elimination of any serious inventory problems.



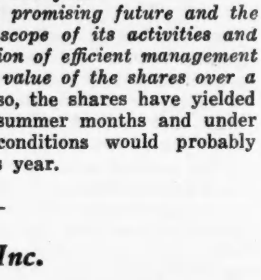
The present company was organized in 1923 and shortly thereafter embarked upon a program of expansion, the extent of which is revealed by the increase in sales from slightly less than 14 million dollars in 1923 to an estimated total of over 175 million dollars last year. As might be expected this rapid growth has entailed frequent increases in capitalization without, however, effecting any interruption in the steady upward trend of earnings due to strict adherence to the policy of acquiring only companies with proven and satisfactory earning power. Also worthy of mention is the increasing margin of profit. Net operating

profit which, in 1923 was 6.61% of total sales, has steadily widened to 12.22% in 1927, indicating the benefits derived from centralized control, consolidations and geographical diversity of operating units. Among the larger subsidiary companies are included: General Ice Cream, Breyer Ice Cream Co., Breakstone Bros., Hydrox Corp., J. T. Castle's Ice Cream Co., Sheffield Farms Co., and Supplee-Wills-Jones Co.

At this writing, the company's complete report covering 1928 operations has not as yet been issued. It has been reliably estimated, however, that earnings available for the 1,569,566 shares of common stock outstanding at last report, will closely approximate $9 per share which would compare favorably with $6.82 per share on a smaller amount of stock in 1927. The dividend policy of the company has been a liberal one and cash disbursements were supplemented in 1927 by a stock dividend of 33⅓%. Stockholders recently approved a 2-for-1 split-up and it is believed likely that cash payments will be inaugurated on the new shares at an annual rate of $2 as against $3 per share on the present stock. At the beginning of this year a stock dividend of 4% was declared payable in four quarterly installments. Shareholders, therefore, may share in the increased earnings and the company retains its cash in furtherance of expansion plans for this year.

The company faces a wholly promising future and the continued growth both of the scope of its activities and earning power in logical reflection of efficient management should add substantially to the value of the shares over a period of time. In the past also, the shares have yielded short term profits during the summer months and under reasonably favorable market conditions would probably duplicate such performance this year.

Servel, Inc.



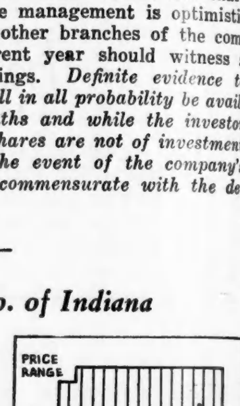
FOR the investor seeking to place a moderate portion of his funds in the shares of a promising company engaged in one of the young industries and who is willing to assume the degree of risk which attends the purchase of unseasoned securities, the shares of Servel, Inc., would seem to offer an attractive opportunity. The company engages in the manufacture of automatic refrigerating units which can be operated by gas, electricity and other heat producing elements. In addition, it also produces gasoline engines and motor truck bodies, and during the past year entered the commercial refrigeration and water cooler fields.

The present company began its existence in January, 1928, having as a result of a reorganization, succeeded the old Servel Corp. which experienced considerable difficulty in conducting operations on a profitable basis due to numerous vicissitudes and readjustments which characterized the mechanical refrigeration industry in its infancy. The reorganization effected a consolidation of operations, supplied the much-needed working capital; and capitalization was revamped to include $2,599,200 funded debt, 42,800 shares of 7% preferred stock and 1,150,530 shares of common stock. The management of the company is vested with capable executives and given the benefit of reasonably favorable conditions satisfactory progress should be shown from now on.

The first year of operations produced a net profit of $236,398, before federal taxes, which is equivalent to $5.52 per share on the outstanding preferred stock. Considering the fact that a practically new dealer organization had to be formed, that production was retarded in the first few months and that a number of large but non-recurring expense items were charged against earnings, the ability of the company to show even a small profit may be regarded as encouraging. Net quick assets gained about $500,000 during the year and the balance sheet as of Dec 31st showed a ratio of current assets to current liabilities of about 16 to 1.

The company has made several important sales connections particularly with public utility companies and in 1928 the Consolidated Gas of N. Y. alone sold over 5,000 Electrolux units. Electrical refrigeration is steadily increasing in popularity and the advertising campaign planned by the company for 1929 should enable it to obtain a fair share of the available business. The management is optimistic regarding the outlook for the other branches of the company's activities and the current year should witness a marked improvement in earnings. *Definite evidence to support the latter contention will in all probability be available during the next few months and while the investor should bear in mind that the shares are not of investment calibre, long pull profits, in the event of the company's continued progress, should be commensurate with the degree of risk involved.*

Standard Oil Co. of Indiana



THE consumption of gasoline reached a new high volume last year but from present indications the 1928 record will be surpassed in the current year. The number of automobile owners who operate their cars throughout the entire year is steadily increasing and by virtue of this fact the falling-off in the demand for gasoline and refined oil products during the winter months is less pronounced than was the case some years ago. Nevertheless the advent of warm weather, however, is accompanied by a substantial upturn in gasoline sales and the earnings of those oil companies with large refining and marketing organizations.

The Standard Oil Co. of Indiana is the largest refiner of gasoline in the world and is credited with more than 40% of the total business in refined oil products in eleven Middle Western states. The company is a complete unit in the industry and in addition to its extensive refining and marketing facilities, operates a comprehensive system of gathering and distributing pipe lines. Through control of the Pan-American Petroleum and Transport Co. which in turn controls the Lago Oil & Transport, the company is assured an ample supply of crude oil and has access to important oil reserves in the prolific Venezuelan fields. Control of the Mid-west Refining Co. gives Standard Oil of Indiana a large part of the high grade oil production in Wyoming. Substantial royalties accrue to the company from the Burton process, for extracting gasoline from low grade oil, patents for which are owned and leased.

After giving effect to the 50% stock dividend paid March 15th of this year, capitalization consists of 13,927,002 shares of capital stock of $25 par value. There is no direct funded debt but the company jointly guarantees 42 million 5½% bonds of the Sinclair Crude Oil Purchasing Co., due in 1938.

Reflecting the favorable situation created in 1928 by low crude oil prices, higher gasoline prices and record-breaking consumption, earnings experienced a sharp recovery and were equal to $8.33 per share on the 9,284,668 shares of stock outstanding at the close of the year. Profits in 1927 were equivalent to $3.26 per share. Net income last year was augmented to the extent of 28% of the total by an extra dividend paid by a subsidiary unit, the Midwest Refining Co.

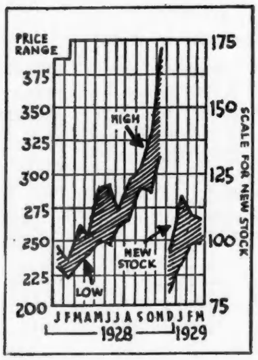
Some idea of the company's large financial resources is gained from its working capital position. As of Dec. 31st,

working capital exceeded 155 million, with cash and government securities totalling more than 114 million. In addition to the stock dividend referred to, the regular quarterly cash dividend of 62½ cents plus an extra of 50 cents was paid on March 15th. It is believed that the regular cash rate will be continued on the present stock and the present earnings outlook favors further extras.

While the oil industry, from a producing standpoint, is still suffering the handicaps imposed by overproduction, the larger and fully integrated companies may be depended upon to cope satisfactorily with the situation and earnings should be sustained by large profits from the sale of gasoline.

The shares of Standard Oil Co. of Indiana are fairly priced at recent levels around 60 and commitments made with the intention of exercising reasonable patience should be attended by profitable investment results.

International Harvester Co.



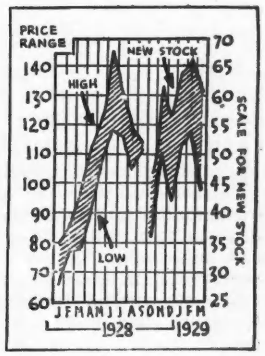
THE International Harvester Co. occupies the enviable position of the world's leading manufacturer of farm implements and machinery. In addition the company is an important producer of motor trucks, coaches and tractors. "International" products are known throughout the civilized world and factories and sales units are to be found in all countries where a demand for the company's output exists. Although its affairs are directly dependent upon agricultural conditions, operations have achieved a considerable measure of stability by reason of the diversified sales outlets and broad list of products. Also of considerable importance is the fact that the sources for all of its raw material requirements such as iron, steel, coal and lumber are either owned or controlled, which is a large factor in enabling the company to show the highest degree of operating efficiency.

The company sustained heavy losses abroad as a result of the war and heavy write-offs were necessary in 1918 and 1919 although in those years domestic conditions were quite satisfactory in so far as the agricultural implement business was concerned. In the depression year 1921, however, earnings were not sufficient to meet preferred dividend requirements, but from that time on they have shown a steady upward trend, establishing a record high level in 1928. Net profits in the latter year totalled $29,685,350 and were equivalent, after allowing for all charges, depreciation, taxes and preferred dividends, to $5.58 per share on the 4,409,185 shares of no-par capital stock. Earnings in the previous year computed on the same basis amounted to $4.21 per share. Earnings in the past year also made provision for an item of 2 million for development and extension which, however, did not appear in 1927. Aside from 737,123 shares of $100 par 7% preferred stock, there is no other capital liability; financial position leaves nothing to be desired; and management is of the highest calibre.

The present Administration at Washington has pledged itself to constructive farm relief and International Harvester should be one of the chief beneficiaries. Reasoning further it is not improbable that earnings in the current year will eclipse all previous records. Regardless, however, it is clearly evident that the farmer is steadily becoming more appreciative of the importance of using modern methods in his business as well as in other industrial fields and the company in question should continue to benefit from the increasing modernization of the farm.

While it is not possible to recommend the common stock as an attractive income-producing medium, it represents an equity in one of the country's most successful and ably managed enterprises and as such is entitled to a high investment rating. If purchased and retained for a reasonable length of time, the shares should show consistent price appreciation in step with the realization of the company's excellent prospects.

Adolph Gobel, Inc.



WITHIN the past several years, Adolph Gobel, Inc., has embarked upon a program of expansion which bids fair to eventually establish the company's products throughout the country. The management is justified in pointing with pride to the consistent growth which has taken place both in the volume and scope of the company's business and the conservative but successful manner in which it has been accomplished. Although engaged in the manufacture of more than sixty specialty meat products, the company is not essentially a packing enterprise and has been able to escape the more drastic vagaries of the packing industry. Operations and earnings have exhibited a greater degree of stability than in case of the larger meat packers, and the margin of profit is also wider.

Products include various especially prepared meats such as hams, sausages, bolognas, frankfurters, etc., which are extensively advertised and sold in attractive sanitary containers. A large wholesale business is transacted with restaurants, hotels, butchers and delicatessen stores.

Capital structure is simple, there being no preferred stock aside from that of subsidiaries amounting to $1,077,923 and funded debt totals only $1,196,000. At the close of 1928 there were 388,477 shares of common stock outstanding on which, however, no dividends are being paid at this time. It is believed that it is the intention of the management to retire the funded debt before inaugurating dividend payments to common shareholders.

Net profit in 1928 was equivalent to $1.61 per share on the outstanding common stock but that figure is somewhat misleading and does not fully reveal the earning power of the present enterprise. During the year, the company acquired either by cash or an exchange of stock, ten new subsidiary units, the majority of which are old established businesses. The results of these acquisitions and the important operating economies which may be expected to follow will undoubtedly make a more forceful contribution to 1929 earnings. The policy of expansion by seeking to obtain control of prosperous companies has been continued in the current year and announcement has been made to the effect that more than 80% of the common stock of Jacob E Decker Sons, Inc., an old established packing company doing an annual gross business of about 16 million, has been acquired.

The shares, although not to be classified in a high grade investment category, would seem to have attractive possibilities as a junior equity in a rapidly growing enterprise.

MINING

Copper Stocks Reach Critical Phase

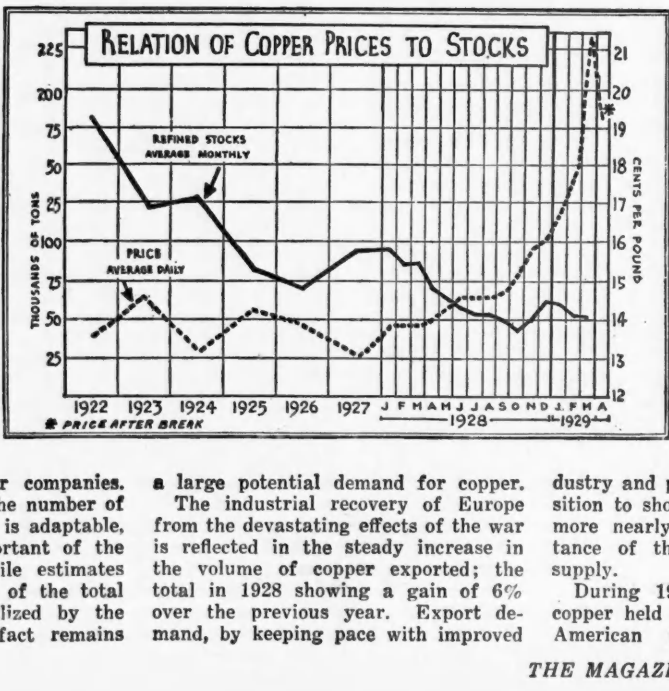
The Outlook for the Industry and the Position of Leading Issues

By C. HAMILTON OWEN

THE rapidity with which copper metal prices have risen during the past half year and the signs of weakness more recently exhibited has had the result of focusing commercial and investment attention upon the industry and in some quarters concern has been in evidence as manifested by frequent references to a "market out of hand." It is, therefore, important and timely to review the industry in its numerous aspects and the developments which have led up to the present situation, in order to ascertain whether existing conditions are firmly rooted economically or whether an old fashioned boom with inflated copper prices is in prospect.

Reward of Foresight

Favored by the force of prosperous business conditions, the copper industry is now reaping the just rewards for a series of foresighted measures instituted several years ago, which have subsequently found expression in more ethical trade practices, increased consumption, solidification of prominent producing companies, and a continuous advance in the price of copper since the middle of 1927. Of course, the entire non-ferrous metal industry achieved a successful year in 1928 but the evidence of improvement afforded by reported earnings was more pronounced in the case of the representative copper companies.



Copper, calculated by the number of essential uses to which it is adaptable, is by far the most important of the non-ferrous metals. While estimates vary as to what portion of the total copper production is utilized by the electrical industry, the fact remains that it is the largest consumer by a considerable margin. Automobile manufacturers rank second and are closely followed by the building industry. The demand from the latter source has been given considerable impetus through the activities of the Copper & Brass Research Assn. in educating the public to the advantages of copper and brass in home and building construction. In fact during the past two years the amount of copper taken by the building trades has increased 70%.

Copper is an important requisite in the manufacture of all the newer inventions such as radio, television and electrical refrigeration, to say nothing of the telephone and telegraph, all of which may be expected to continue to undergo intensive development. Several railroads are planning vast electrification projects and others will probably follow suit, thereby creating a large potential demand for copper.

The industrial recovery of Europe from the devastating effects of the war is reflected in the steady increase in the volume of copper exported; the total in 1928 showing a gain of 6% over the previous year. Export demand, by keeping pace with improved industrial conditions in Germany and other foreign countries may be considered a factor of increasing potency with the passage of time.

Rapid Price Rise

Domestic copper, late in March, was quoted at 24 cents per pound as compared with 16.7 cents at the beginning of the year and 13.9 cents in January, 1928. During the war period from 1916 to 1919 copper prices, as a result of the abnormal demand averaged approximately 23 cents per pound. There is, however, a decided difference between conditions now existing and those which were in force during the latter years.

War activities created a demand for copper which producing companies were hard pressed to meet, but with the signing of the armistice, this demand was not sustained and producers were left with enormous supplies of copper and a much constricted market. Prices declined to 11½ cents in 1921. In the intervening lean years only the low cost producers were able to show anything resembling profits. However, by dint of close cooperation, reduced output by high cost units, extensive research and the control of export shipments, a degree of stability was gradually accomplished. The normal increase in demand from all of the important consuming sources has completed the rehabilitation of the industry and producers are now in a position to show profits which should be more nearly in line with the importance of the commodity which they supply.

During 1928 the stocks of refined copper held by both North and South American producers underwent a

steady decline and, while some increase from the extreme low point reached in October has been witnessed in the following months, the reported tonnage of 55,200 on hand as of March 1st this year was nearly 39% lower than on March 1st, 1928. In all probability a further decline has taken place during the past month. Moreover, it is not possible to relieve this situation by increased production at the mines, without a corresponding enlargement of refining and smelting facilities and the new refineries which have been planned will not be completed in time to have any effect in the present year. From the foregoing it is quite apparent that any weakness in the price of the metal such as is currently being manifested as this is written is scarcely attributable to increasing supplies. Revisions more properly find their origin in changes in consumption.

Both the electrical equipment and automobile industries, the two largest consumers of copper, have shown in-

(*Please turn to page* 1149)

Anaconda Copper Mining Co. Completely integrated unit and the leading producer of copper and zinc. Operations embrace every phase of the industry, including the manufacture of finished products, and ore reserves insure the company's properties a long life. Capital adjustment now in the course of completion will eliminate all funded debt, leaving stock as the only capital liability. Benefiting heavily as a result of high copper and zinc prices and current earnings should run well over twice the present $7 dividend rate. Higher rate likely and the shares are one of the most attractive in the group for long term holding. Recent quotation 147.

Calumet & Arizona Mining Co. Controls New Cornelia Copper Co. and both companies will be merged into new holding company. Combined earnings about $9.25 per share in 1928 on 842,857 shares which will be outstanding. Financial position exceptionally strong. Further extra dividends in prospects. Recent quotation 128.

Cerro De Pasco Co. Lowest cost producer in the world. Estimated to have earned $8 per share last year after liberal charges for depletion and depreciation. Dividend recently raised to $6 and shares yield an attractive return at recent levels around 105. Sharp increase in 1929 earnings and a further upward revision in dividends probable.

Calumet & Hecla Consolidated Copper Co. Largest producer in Lake Superior district. Producing at the rate of 10 million pounds monthly, smelter capacity increased, and costs lowered. Earned $3.50 per share in 1928 but exceptionally strong financial position insures the safety of present $4 dividend. Shares semi-speculative and at the recent price 50 appear to be selling high enough at this time.

Chile Copper Co. Controlled by Anaconda and owns largest known ore body in the world. Offer of Anaconda to exchange 73 shares of its stock for 100 shares of Chile results in relative price movements. On basis of indicated earnings of from $6 to $8 this year, quoted values around 109 appear to discount visible prospects.

Granby Consolidated Mining Smelting & Power Co. Effected a sharp reduction in costs last year. Developing a new ore body regarded as an important potential source of cheap copper. Earnings record prior to 1928 mediocre but estimated results last year were equal to about $7.50 per share before depletion and depreciation. Dividends recently increased to $7 and liberal yield compensates for speculative character of issue.

Greene Cananea Copper Co. In process of transition from high to low cost producer. Production at new ore body begun last October and total annual output from all sources estimated at 100 million pounds. Reported to have earned $9.50 last year. Generous dividend policy but Mexican situation injects uncertainty into company's outlook. Fresh commitments not recommended at this time.

Howe Sound Co. Holding company controlling properties in Canada and Mexico. Earned $5.34 per share in 1928, but with average prices for all non-ferrous metals likely to range higher in the first half of 1929, marked improvement will in all probability be shown by the company in that period. Shares seem fairly priced at 72 but may be somewhat backward by reason of the Mexican situation.

Kennecott Copper Co. Including subsidiary production has a potential output of one billion pounds of copper annually. Fared better in the lean years than most producers, 1928 earnings estimated at about $4.50 per share on the present stock, which was split 2-for-1 in February. Present $4 dividends likely to be raised to $6 and the shares, while not undervalued, may be considered a sound holding. Quoted at 85.

Magma Copper Co. Production costs have increased owing to lower grade ore and depletion of mine but recent discovery of new ore body may add to life of properties. Earnings were higher last year and increased production and higher prices should maintain the upward trend in profits. However, pending evidence that increasing costs have been arrested, the shares must be regarded as speculative. Recent quotation 71.

Miami Copper Co. High cost producer engaged in mining low grade ore. Expanding concentrating facilities and present earnings are running at the rate of $7 annually, but requires the maintenance of high copper prices to sustain that level. On the basis of indicated earnings, shares are not overvalued at 50 but this may be due to uncertainty concerning the ability of the company to operate with the same measure of success in the event of a decline in copper prices.

Nevada Consolidated Copper Co. Showed a sharp decline in production costs in 1928, average in the last quarter being about 7.6 cents. Financial position strengthened by redemption of funded debt and profits increased over 150%. Earnings this year are estimated at around $6 per share but the advance in the market price of the shares appears to have given an adequate appraisal of the company's prospects. Recent quotation 52.

Phelps-Dodge Corp. Fourth largest producer in the United States, making distinct progress toward complete integration. Earned $5.04 per share on the 2 million shares of stock now outstanding after giving effect to 4-for-1 split-up. Earnings could run as high as $9 per share this year but substantial expenditures in connection with the construction of a new refinery may postpone any increase in the present dividend. Financial position extremely sound but the shares appear relatively unattractive for the near term at prevailing levels around 76.

Standard Oil of California

FAVORABLE OUTLOOK *for* STRONGLY SITUATED WESTERN COMPANY

Excellent Financial Position, Well Balanced Production and Refining Facilities Add to Investment Appeal

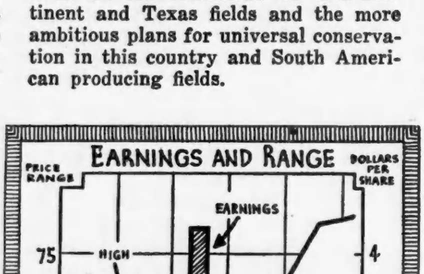
By RUSSELL TAYTE

WITH the hope of the oil industry for a better showing in 1929 resting largely on the success of conservation efforts, investors are naturally looking with more than ordinary interest toward the shares of the companies that have made the most notable headway in this direction. It is significant, therefore, that on the announcement of the original curtailment program fostered by the American Petroleum Institute, the shares of the Standard Oil Company of California rose above a price level that gives its capitalization an open market value of over one billion dollars. And, it is perhaps even more significant that in spite of the disappointing pronouncement of the Federal Government's attitude toward the A.P.I. curtailment plan, Standard of California has held stubbornly close to the billion dollars aggregate value mark.

Pioneer in Exploitation

In a sense, California has been the "testing ground" for oil conservation methods, and Standard of California has been a pioneer in these activities. Even in 1926, just before the oil industry in general began to groan under the burden of excessive supplies accumulating above ground, the company had a shut-in production of about 24,000 barrels a day. In 1928 the company had a shut-in production of about 30,000 barrels a day in its California fields with about 1,300 wells capable of producing oil or gas which were capped because of the condition of the market.

At the start, these efforts were of doubtful value to the company, due to the intensive drilling activities in other sections of the country, particularly in the Mid-Continent fields where prices largely determine the price structure for the entire industry. But having pioneered in this direction, Standard of California now stands to benefit from the curtailment in the Mid-Continent and Texas fields and the more ambitious plans for universal conservation in this country and South American producing fields.



From the shareholders' standpoint, Standard of California offers an interesting combination of straight investment merit that is inherent with the physical and financial strength of the company as well as a reasonably well-founded suspicion that its real earning power since the acquisition of Pacific Oil has never been fully disclosed. In the latter, lies a speculative feature that appears to be drawing considerable attention at present. Any attempt to appraise this heretofore unfolded potentiality necessarily must go back to the early part of 1926 when Standard of California absorbed the extensive reserves of Pacific Oil through the exchange of three and a half million shares of capital stock of the present company on a share for share basis.

Standard Oil of California prior to 1926 had been rather backward or unlucky (or both) in the exploitation of its own crude oil resources as well as in the acquisition of new petroleum reserves. It had engaged in very extensive but unprofitable exploration work in western Canada; its efforts to obtain the desired reserves in Mexico bore little fruit; it entered the South American fields somewhat in the van of the other American companies, and last year abandoned a considerable portion of the "left-over" acreage obtained in Ecuador, Panama and Colombia. Outside of its California leases, it had achieved only one outstanding drilling success, namely in the Yates pool in West Texas and its non-California leases carried expensive royalties. Of the 286,000 acres in California, now owned in fee, 261,000 acres were obtained through the Pacific Oil merger.

In other words, from a very long range standpoint, the management of the old Standard Oil of California needed Pacific's Oil's extensive oil land holdings very badly in order to adequately protect its own extensive investment in refinery and distributing facilities. Although Pacific Oil's holdings were an ideal and a necessary supplement to Standard's properties, they provided crude oil only—not refining plants or sales outlets. Because of the condition of overproduction throughout the oil industry generally, crude supplies were not only unnecessary to the successful operation of Standard's properties but indeed have proved to be somewhat of a white elephant during the depression of 1927 and 1928 when crude oil production was a profitless business.

Fortunately, the company is sufficiently strong in both its refining and sales position as well as its financial resources to carry along these extensive reserves without impairing its own prosperity. The report for 1928 em-

phasizes the progress which the company has been able to make in spite of the circumstances outlined above. Net profits after writing off all adjustments, including another small reduction in the book values of inventoried petroleum products, amounted to 64 million dollars. This represents an increase of over 14½% over 192? earnings and is the equivalent of $3.66 a share on approximately 12.6 million shares of no par value common stock —the only security in the company's capital structure.

Strong Financial Position

During the year, plant account was augmented by over 21 million dollars, a large part of which represented necessary development of producing properties. In view of the fact that the company has large shut-in production, however, this improvement to producing properties was not reflected in the actually realized income. Other expenditures throughout the year for extension of fixed assets included completion of a pipe line and refinery in West Texas and additions to sales facilities. Smaller refinery runs were offset by a daily production of 386,057 gallons of casinghead gasoline from 48 plants of the Standard Gasoline Company, a wholly-owned subsidiary and the completion of six cracking plants in 1928 gave the company considerably more elasticity in handling its crude output. The company has never enjoyed so comfortable a cash position in its history as is indicated on the December 31, 1928, balance sheet when the aggregate items of cash, call loans and marketable securities totaled almost 38 million dollars.

During 1928, the company continued its policy of buying cheap crude from other producers and conserving its own reserves to a corresponding extent during the period of overproduction. Throughout the year its refinery runs averaged close to 143,000 barrels a day whereas the total production of the company and its subsidiaries was limited to 135,000 barrels a day. In the meantime, its development of its own reserves was confined to such drilling as was necessary to protect its leases from drainage by neighboring drillers, and to maintain its lease obligations.

In fact, the most important development on any of the company's unproven holdings was made by a competing company on the Kettleman Hills structure in California, where Standard owns 30,000 acres of strategically located leases. The discovery well on this structure produced about 4,000 barrels a day. More important still is the fact that the crude was a 60 degree gravity oil of high gasoline content, which is a particularly valuable product in California with its heavy overproduction of fuel oil and heavy crudes. The holdings of the company on this structure incidentally are a heritage received through Pacific Oil from an old land grant to the Southern Pacific Railroad and covers about half of this large structure of a checkerboard manner, giving promise of ultimately becoming one of the most productive of the company's holdings. Standard of California, having the largest single ownership in this section, has appropriated 4.5 million dollars for development and will drill eighteen wells in likely locations.

Drilling Combine Proposed

The Kettleman Hills development furnishes an interesting example of how conservation methods may be employed in the exploitation of a single pool in spite of the adverse opinion of the Attorney General to the more ambitious proposal of the American Petroleum Institute. This field is controlled entirely by four companies, the Standard Oil Company of California owning virtually half of the acreage and the drilling rights on the balance of this extensive area being held by General Petroleum (subsidary of Standard of New York), Marland Oil Company and Melham Exploration Co. (a subsidary of Mexican Seaboard which brought in the discovery well below the 7,000 foot level). A few years ago the inevitable result of such a situation would be a wild scramble for locations and competitive drilling among all companies concerned.

Today a new fashion is in vogue. In order to avoid the wasteful and unprofitable effects from competitive drilling, Dr. Ray L. Wilbur in his official capacity as Secretary of the Interior and Chairman of the Federal Oil Conservation board has written to the four companies concerned, requesting that they voluntarily combine their drilling efforts in the interests of conservation. In the opinion of the Department of Commerce, such action would not increase the price of petroleum products to the public and would avoid a "calamity" under the present conditions that prevail in this geographical section of the industry.

As far as Standard of California is concerned, however, the matter is not of much vital concern beyond furnishing an interesting example of the cooperation of the Federal Government to legitimate efforts of oil conservation as Standard is sufficiently strong to meet any competition.

Third Largest Refiner

Now, well fortified in the matter of crude oil supplies, Standard of California can well afford to take an active part in the conservation efforts of the industry. The company is placed as the third largest refiner of petroleum products in the world, and is one of the leading producers. The California companies have operated under severe difficulties during the past few years, first from the excessive output of crude and later with a larger production of gasoline and other refined products than could be consumed by the local markets. Last year, the gasoline marketing situation was specially aggravated by a bitter price cutting war in which all parties concerned sacrificed profits in order to hold their sales position.

During the latter part of March, Standard of California took a bold step by advancing its tank wagon price 6 cents a gallon and retail prices were advanced to a corresponding degree. Most of the large companies followed this lead and smaller marketers put up their prices to within a few cents of the Standard price. Although there may be other adjustments necessary until a stable price level is attained on the West Coast, it is hoped that the coming season of larger gasoline consumption and stronger markets throughout the country will materially aid this effort to price improvement in the Pacific States district.

Thus, Standard of California has somewhat better prospects for the current year in several important branches of its extensive operations and a good long range outlook, predicated on the efforts of the oil industry in general to find its solution for the problem of overproduction. Although these prospects have been reflected to a certain degree in the comparatively recent rise of the company's shares to their current levels of about 80, nevertheless, the shares are still obtainable on a basis warranting permanent retention on their investment merits and should have still further profit possibilities to reward patient stockholders.

Although the plans of the American Petroleum Institute to limit crude production in the industry have received somewhat of a setback by the recent decision of the Federal authorities, there are already indications that the determination of the largest interests in the industry will be productive of an independent solution of the problem. The question of conservation and the outlook for the industry, and its important companies, will be covered in a comprehensive article in the next issue. This feature should prove of the utmost value to every oil investor.

EDITORIAL PAGE

Building Your Future Income

Department

The Building Your Future Income is the contribution of The Magazine of Wall Street to the financial education of the Nation's present and future investors. The articles appearing in this section are widely used by students in the classroom, in the financial training of the younger business executives and in the investment "upbringing" of young people in the home. These pages, in addition, offer a unique medium for the interchange of ideas and experiences of readers, building up over a period of time a veritable fund of practical knowledge that would otherwise be lost to the younger generation of investors.

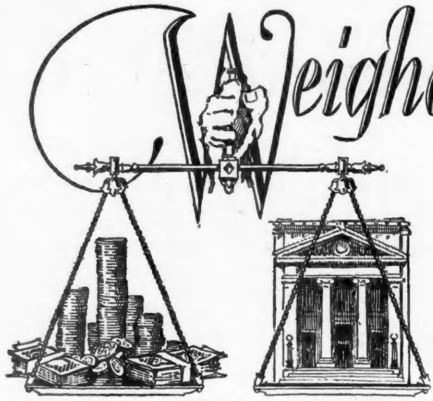
A Storm Warning for Small Boats

THE division of opinion in the banking world over brokers' loans and credit inflation has found its way into the daily newspapers to an extent that is really enlightening. The editorial writers who start their discourses with the trite phrase about "never before has such confusion existed in Wall Street" really mean to say that never before has the public heard so much about it. Invariably when markets reach critical levels and credit is being absorbed rapidly for speculative purposes, a bitter division of opinion develops in the banking community as to the extent of the dangers involved. The only difference between the present and past is that the general public has never heard so much about the matter before and was never so interested in the problems of finance.

Bankers, politicians, economists and private capitalists are now divided into two opposing camps; those who would justify present security values and see no inflationary tendencies in rising brokers' loan figures; and, those who are alarmed by what they term excessive speculation. It is not our intention here to set up ourselves as arbitrator of the two opposing views. To the small investor whose experience with securities does not go back very many years, we would merely point out here that a number of well informed bankers are publicly expressing concern over the aggressiveness of the securities markets and urge the public to become more conservative-minded in making investments.

Ordinarily the public would have no insight into the hastily called conferences of Federal Reserve officials. Actions calculated to check speculative excesses in the past were negotiated in secret behind closed doors, and the public received its first warning only when something "leaked out." The small investor may be confused by the widely divergent statements of opinion today, but he cannot say that he did not receive sufficient warning that "something is wrong."

• Intelligent Use of Present Income Will Assure Financial Independence •



Weighed in the Balance!

Savings Institutions versus Endowment Insurance

The Second of a Series of Articles Which Discusses the Relative Merits of Various Mediums of Saving

By STEPHEN VALIANT

FOR the purposes of this article, building and loan associations and savings banks, will be considered as the nearest competitors to the insurance companies from the savings standpoint. The insurance companies have created a policy known as an endowment policy, which pays the full face value at a stated time, irrespective of the health or life of the insured, and is now widely used as a savings medium because it pays back more than the total premiums. It can be purchased on quarterly or monthly installments, but for comparative purposes the annual payment will be used here, because it is the cheapest rate.

From the standpoint of practical safety, we will say that all of the good building and loan associations and savings banks and insurance companies rank on an equal basis. From the standpoint of complete withdrawal of the moneys invested at any time, the savings bank imposes the least penalties, but as convenient loans are promptly granted by both the building and loan associations and the insurance companies at a fair rate of interest, the convertibility of the investment for cash is very good in each institution. Consequently, the return on the investment becomes the next important consideration.

Looking at a schedule of premium rates of one of the largest non-participating life insurance companies, it is noted that at age 35 the premium for ten thousand twenty-year endowment insurance amounts to $410 a year. The non-participating rate is selected in order to have a level premium rate before us in making comparisons with other figures. For this amount, one gets a death benefit of ten thousand dollars, and in the event that the insured is still alive at the end of the twenty years the full amount of $10,000 is paid anyhow.

So the insured really pays for two things—protection and investment. The best way to segregate the cost of each one of these two advantages is to look up the cost of an ordinary life policy which offers a maximum of protection with a minimum of investment. In the same company, ten thousand ordinary life would cost $200 at age 35. In other words, the difference, or $210 in the "extra" amount invested for the endowment feature. Let us see what the investor can get for this extra fund available for investment in the various mediums of savings under consideration in this article.

If he places it in a savings bank or any other medium where it is compounded at the rate of 4½ per cent, the annual deposit of $210 would accumulate a fund of around $6,600 over the twenty year term. This fund plus the cash surrender value of the ordinary life policy at the end of twenty years would represent an immediately available savings fund of a little less than $10,000. In other words, this would give the same "endowment" feature as the twenty year endowment policy for the same yearly charge.

However, the "estate value" of the endowment policy would not exceed the stipulated sum of $10,000 at any time during the twenty-year period. By segregating the investment portion of the fund in the savings bank, on the other hand, the beneficiaries of the insured would obtain $10,000 from the ordinary life policy, *plus whatever amount had accumulated in the savings bank in the meantime.* At the end of the first ten years, for example this would represent about $2,600 in additional estate values and at the end of twenty years (as shown above) the additional fund would amount to about $6,600.

Naturally, if the savings portion were placed in some medium that paid a higher rate of return during the period of accumulation, the "estate values," involved would be correspondingly higher. At 6 per cent compounded interest, as is available for example in the most conservative building and loan associations, the total value of the savings and the cash values of the supplementary policy would exceed the indemnities stipulated in the endowment policy

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More About the Convertible Bond Plan That Produced $35,000

Some Pointers for Successful Investment in This Special Group of Bonds

By SAMUEL J. SHAFFER

"Buy bonds! This does not mean that many good stocks are not good investments. Some, however, are too high to be good buys. It is easier to pick out a sound bond than a sound stock. In making a forecast I would say that this is the time for prudent investors to buy good bonds. Since the bond market is not particularly good now, there are not many new issues being put out."

Andrew W. Mellon,
Secretary of the Treasury
(March 15, 1929)

SECRETARY of the Treasury Mellon has recently published his statement that now is an opportune time for prudent investors to buy sound bonds. The esteemed gentleman might have added "especially convertibles," to this bit of advice that should be well heeded by the investor.

With credit conditions as unsettled as they are, one naturally hesitates before buying common stocks. On the other hand, the fixed return offered by bonds doesn't appeal to the average investor. It is then that convertible bonds are seen as one solution to the problem. Offering as they do the primary security of a bond, together with a chance of sharing in the future growth and prosperity of the company, they indeed seem to be the answer to the conservative investor's prayer.

For the last few years there has been a distinct trend towards convertible securities. To the inexperienced, it seems a hybrid security; to be avoided because of their unfamiliarity with it. In my previous article I told of the excellent success enjoyed in confining my investment policy to bonds of this type. I shall here endeavor to point out some of the essentials of choosing such bonds, and some of the pitfalls to be avoided.

It must not be assumed that convertibles are a "cure-all" for every sort of risk. Often bonds that could not be sold on account of the poor earnings of the company, or of the low rate of interest, are given some convertible feature, and are sold to the public on this inducement. Were it not for this convertible feature, the bonds would sell at an extremely low price, due to their inherent risk. For that reason, convertibles should be chosen with great care.

To be attractive, a convertible bond must, to begin with, have its interest charges earned by a reasonable margin. Look at the corporation's Profit and Loss statements, and note net earnings after depreciation and Federal Income Tax. If the earnings are given *before* such charges, one can deduct approximately 12% for Federal Income Taxes, and roughly 10% for depreciation. These are, of course, mere approximations, but they will serve the purpose. One then deducts any bond charges that have a prior claim on net earnings, and the remainder is the approximate net profits applicable to the bond. Such net profits should be at least twice the maximum annual interest charges of the convertible issue in order for the bond to be attractive from earnings standpoint.

One should further look at net earnings for the last few years. What has been the trend of earnings? Have they been relatively stable? Moreover, what is the status of the industry in back of the bond—is it in a state of depression; is it a stable industry such as a public utility, or is the company trying to meet the tastes of a fickle public?

If the bond seems to satisfy all these requirements, then the convertible feature may be looked into. A convertible bond is usually exchangeable at some specified ratio into another class of security of the company. In general, there are three variations of the conversion method. The first is where the bond is convertible into the common stock of the company at a fixed rate until a certain date. An example of this type is the Warner-Quinlan 5% convertible debentures, which may be exchanged for twenty shares of

common per $1,000 debenture till maturity.

Another form taken by the conversion feature is where the conversion rate changes after a certain sum is converted — the Anaconda Copper Mining Convertible 7% Debentures is convertible into common at $53 per common share for the first $10,000,000 of debentures; the next $10,000,000 at $56 per share, and so on — the last ten million at $65 per share.

The third method is where the conversion ratio is changed after a certain period of time, as the Metropolitan Chain Properties Convertible First Mortgage 6% Bonds, which may be exchanged into common at the rate of $100 a share to November 15, 1929, $115 a share to November 15, 1930, $140 a share to November 15, 1931, and so on.

It is well then to see just how financially attractive the conversion would be. Divide the price paid for the bond by the number of shares into which it is convertible, and derive the conversion price of the stock. (A thousand dollar bond, bought at 105, convertible into 30 shares of common, means that the common is really costing $1,050 divided by 30, or $35 per share.)

Find out the current price for the common, and note how much it has to rise before the conversion feature is of value. In general a bond offers an attractive conversion feature if the present quotation on the common is at least 75% of the conversion ratio price.

Due to the widespread interest in the recent article by Mr. Shaffer, titled "Four years of Bond Buying That Produced $35.000 Capital Gain," we have arranged for this second article which gives many helpful suggestions for dealings in convertible issues. A special list of attractive convertibles appeared in the March 9th issue of this publication.

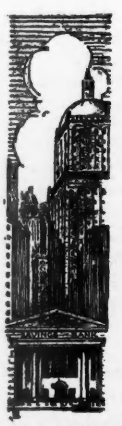
An important provision that should be looked for is the adjustment of the conversion rate in case of stock dividends, split-ups, issuance of rights, etc.

Unless the investor lives in a large city where he can obtain quotations on his bond or on the common stock of the company at a moment's notice, it is more advantageous that he confine his investments to such bonds that are listed on an exchange whose quotations are published in his daily paper. If the bond is unlisted, the common stock should be listed, and in this way the investor is able to keep in close touch with the course of his securities. For a convertible bond is much more volatile than one that has not this feature—the price goes up as the price of the common rises. On the other hand, the price does not fall much below its true investment level, even if the common should fall.

In a study made of a representative list of sixty convertible bonds offered in amounts of several millions during the last four years, it was found that only one bond, that of a comparatively small industrial which went through a reorganization, had had a

(*Please turn to page* 1164)

BYFI RECOMMENDS—



For Savings

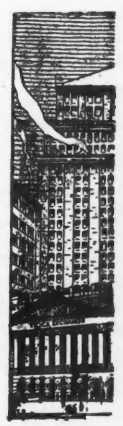
1. SAVING BANKS. A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available and may be withdrawn as soon as they reach suitable proportions for employment in more profitable medium.

2. BUILDING AND LOAN shares serve as convenient, long range (10 to 12 years) mediums for the accumulation of savings. Through regular monthly payments this form of savings also possesses the element of gentle compulsion

3. ENDOWMENT INSURANCE is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should not occupy too large a place in the accumulating program.

For Investments

Security	Recent Price	Yield %
1. Illinois Central 40-Year $4\frac{3}{4}$s, 1966	98	4.9
2. Public Service Elec. & Gas 1st & Ref. 5s, 1965	102	4.9
3. Standard Oil of N. Y. deb. $4\frac{1}{2}$s, 1951	96	4.8
4 Western Pacific 1st 5s, 1946	97	5.3
5. Youngstown Sheet & Tube 1st S.F. "A" 5s, 1978	100	5.0
6. New York Steam 1st "A" 6s, 1947	105	5.6
7. Chesapeake Corp. Conv. Coll. 5s, 1947	99	5.1
8 Associated Dry Goods 1st 6% Pfd	101	5.9
9. Hudson & Manhattan Conv. 5% Pfd.	74	6.8
10. Southern Pacific Common $6	127	4.7



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

Intelligent Use of Present Income Will Assure Financial Independence

Building Your THRIFT PLAN Future Income

A Thrift Program That Embraces Many Investment Mediums

Describing a Successful Plan Step by Step

By "SYSTEMATIC SAVER"

As an investment program should be shaped up early in life, I would put life insurance as its foundation, partly because paying the premiums over a long period of time leads to a habit of saving regularly. At any rate, I began my investment program that way.

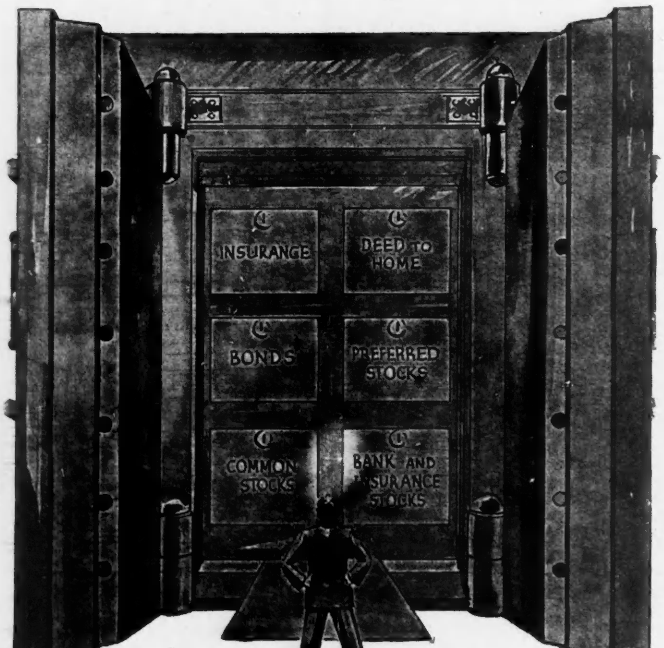
My first savings went into life insurance at the age of twenty years. My first policy was a twenty year endowment. I followed up pretty closely a plan formulated at that time. Briefly, it was to take insurance at intervals of five years until I was about forty-five years of age. I took out my second policy at twenty-five a twenty payment life. This was followed by an endowment maturing at sixty-five, limited to twenty payments.

My other policies followed in due time, about as planned, and none of them called for more than twenty annual payments. This insurance was all placed in good old line companies to obtain a maximum of safety. This insurance was available through its cash and loan value in case of emergency. While all my insurance was payable to my wife, thus protecting her in the event of my death, I did not have to die to win and found it advantageous to use the proceeds of several policies after maturity in purchasing various investments, which through accretions added materially to the principal.

Starts Early in B. & L. Assn.

My second investment, also made when I was about twenty years old, was in a Cooperative Bank or Building and Loan Association. The ten shares I purchased then called for a monthly payment of $10 until each share was worth with interest $200 when it matured. So in about twelve years I received from that investment $2,000. The habit of saving was confirmed, the rate of interest was good and the bank safe.

My shares in the Cooperative Bank were added to from time to time, and when shares matured I replaced them with other shares and re-invested the money. This form of investment I have kept up nearly forty years, and strongly recommend, provided a good, well managed, well supervised bank is chosen.



Both the insurance and bank investments, while quite easily available in case of *real* necessity were of such a nature that I did not care to touch them for any trivial reason. In that way, and because they called for compulsory savings they suited my plan better than deposits in a savings bank, which were made when I felt like it and withdrawn oftentimes for trivial needs.

I married at twenty-six, previous to which time, for three years, I had been establishing myself in a business of my own. My wife to be and I

Intelligent Use of Present Income Will Assure Financial Independence

felt strongly that we should have a home of our own by the time we married, even though it had to be mortgaged to the limit. When one expects to remain indefinitely in a place, real estate for a home, bought right and in a good location having, so far as one can see, a chance for appreciation, is as safe an investment as a young couple can make. Later on, when we sold this house to buy again, it had more than doubled in value. The ownership of real estate gives one greater stability in the community.

I had now reached the point where I had funds to invest and reinvest. Then it was that the representatives of bonding and brokerage houses came into my scheme. One needs advice before investing. One's banker, or the representative of some high grade bonding house can be of incalculable service at this period. One should also subscribe to some high grade financial magazine in order to gain first hand information about securities. Those of a speculative nature were avoided in my case.

My first purchase was in the stock of a big telephone and telegraph company—a few shares, bought low and held. From time to time I received valuable "rights," most of which I exercised. The original shares multiplied by four and the market price today is nearly double what I paid.

Next followed an investment in the common stock of a prominent steel company, likewise bought low and held. "Rights" on this also added to the number of my shares. The market on this stock today is double the cost to me. My experience was similar with the common stock of a big motor company.

I have bought a few bonds and preferred stocks, preferring however, to purchase leading, well known, staple common stocks, having a seasoned and favorable dividend record. I have made some investments in bank and trust company stocks. These I have found safe and moderately profitable and I can recommend them, if bought with discrimination.

My experience with well established fire and surety company stocks has been especially favorable. Valuable "rights" accrued from time to time, and will continue to, while the market value

(*Please turn to page* 1170)

Using Life Insurance to Secure a Loan

—other inquiries answered—

By FLORENCE PROVOST CLARENDON

Insurance Editor:

Will you please explain to me what is meant by having a life insurance policy "assigned" by the holder to another. For a certain consideration, I have had an offer to have a policy assigned to me. Will I get a new policy if this is done or will the old policy be sent in for transfer, and can the agent do this for me? If I accept this policy will it be available only upon the death of the insured, or can I pay the premiums and have the benefits of the policy for myself after it has been assigned to me? I would appreciate a prompt response to this inquiry so that I can make a decision in the matter before the next premium is due.

Thanking you in anticipation of your courtesy, I am, very truly yours,

E. W.

You ask as to the meaning of having a policy "assigned" to another. If you are lending money to a friend and if you can trust your friend to pay back the money if he lives, it is desirable to have an assignment, or conveyance, of a policy on his life so that in event of his death your debt will be paid to you.

Forms of assignment are usually prepared by the insurance companies. They prepare them in duplicate and both copies have to be executed. Then when they are executed, the assignment has to be registered at the office of the insurance company; the insurance company keeps one copy of the assignment, and returns the other to you. This duplicate assignment in your favor should then be kept by you with the original policy which does not have to be rewritten.

If the assignment is an absolute one, as it should be if you are either lending money or purchasing the policy, you then are in the same position as regards ownership of the policy as the original insured would have been; you can surrender it for its cash value or you can draw the proceeds if the insured should die. If you are making a loan and the policy is really being assigned to you as security for, that loan, then although the assignment may be absolute in form, you have to account to the insured or to the estate of the insured for any surplus you receive from the insurance company in excess of the amount of your loan, with interest.

While you are an assignee under a policy you should see that the premiums are duly paid. If these premiums are paid by the insured himself, then your security is being continually improved; but if you have to pay the premiums, you must remember that each premium practically adds to the indebtedness of the insured to you, and if the insured is a healthy man it becomes a question as to whether you may be maintaining the insurance by throwing good money after bad. If, however, the borrower is an honest man and is trying to repay the indebtedness, the insurance policy is a valuable collateral security—otherwise it is only good to the extent of its cash value.

Insurance Editor:

My age is thirty-six; insurance now held $1,000 straight life, $2,000 20 payment life, $3,000 group insurance. Average salary $5,500; ***married, no children.***

I would appreciate your suggestions on an insurance plan embodying the annuity idea or what you might consider as a constructive plan for a person of my age.

Expressing my thanks at this time,

I remain,

Yours respectfully,

J. O. M.

I have your letter stating that you are now carrying $6,000 life insurance. You do not mention your savings or investments in other channels—information which helps in deciding a life insurance programme.

We would suggest, however, that you can obtain a fairly good idea of the amount of life insurance protection you should carry by viewing the proceeds of same

(*Please turn to page* 1158)

Intelligent Use of Present Income Will Assure Financial Independence

·SERVICE·SECTION·

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

Subscribers wishing to avail themselves of the privileges of the Personal Service Department should be guided by the following:

1 *Be Brief.*
2 *Confine requests for an opinion to THREE SECURITIES ONLY.*
3 *Special rates upon request to those requiring additional service.*
4 *Write name and address plainly.*

WHITE MOTOR

I have been told that The White Motor Company has definitely turned the corner and the common should reach at least 75 this year. Would you advise continued retention of 200 shares bought in 1927 at 56? Is the dividend likely to be raised soon?—H. S. B., Wichita Falls, Texas.

Following a distinct falling off in earnings subsequent to 1925 culminating in a deficit, before dividends, of $1,377,439 in 1927, White Motors, under the guidance of a new management appears to have definitely turned the corner last year, when net income was equal to $2.45 a share. Including undistributed equities in earnings of subsidiaries, profits were equal to $2.90 a share. An extensive period of repossessions and reduced sales arising from more rigid credit terms adopted by motor truck manufacturers some time ago seems to have been weathered without permanently disastrous results and the adverse influence on earnings of a change in demand from heavy to light duty trucks has been overcome by extension of manufacturing lines to cover all divisions of the truck field, in addition to a representative line of buses. Financial position was materially strengthened during the late year, cash and its equivalent on December 31 of about $12,250,000 being over three times current liabilities, with $28,250,000 net working capital. Further improvement this year is confidently expected in official circles, and some upward revision in dividends over the $1 a share annual rate now in force seems a reasonable possibility of the not distant future. Further patience should bring its own reward.

VANADIUM

Although owned outright, I am greatly worried by a loss of $1,500 which I have in 100 shares of Vanadium purchased in January at 111. Based on earnings of only $4.53 for 1928, this stock seems overvalued at current levels. Will you write me definitely your opinion of the action I should take?—E. T. H., San Juan, Porto Rico.

Owning the world's largest known deposit of vanadium ore, located in Peru, as well as a half interest in the Rhodesian Vanadium Corp. of South Africa, prosperity of Vanadium Corp. heretofore has depended on conditions prevailing in the steel and automotive industries, where the bulk of vanadium ore is consumed. However, the company is becoming an increasingly important factor in the chemical field, its activities in the latter connection covering the production of a variety of noncompetitive chemicals for use in various industries, namely, printing, and the manufacture of pigments, glass, pottery, etc., which gives promise of eventually finding reflection in substantial expansion in earning power. Moreover, wider diversification of interests should lend greater stability to earnings. Despite increased activity in both the automotive and steel industries last year, earnings declined to $4.55 a share compared with $4.97 a share in 1927, the recession being ascribed to lower prices of certain products and higher costs resulting from increased personnel in engineering and chemical lines. On the other hand, with sustained activity in steel and automotive circles this year, together with increased income anticipated from chemical activities, 1929 profits should show some expansion over last year. Financial position is strong, by virtue of which the company is able to distribute the major portion of profits in the form of dividends. Nevertheless, while long term prospects are distinctly favorable, present prices of the shares amply discount possibilities of the near future, and the stock is, therefore, attractive more for the longer pull holding.

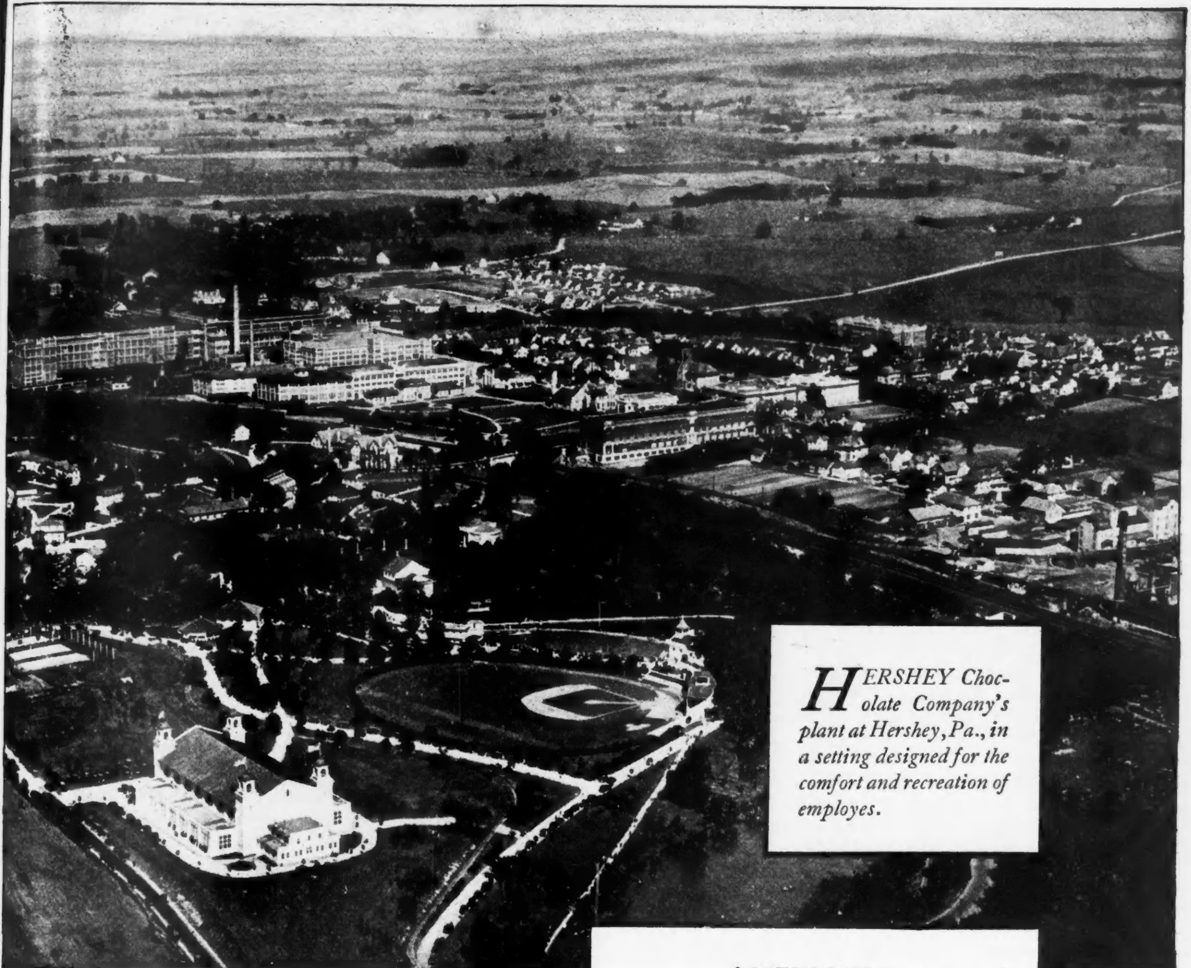
TENNESSEE COPPER & CHEMICAL

With copper at peak prices and reporting earnings of $1.54 for 1928. I cannot understand why Tennessee Copper & Chemical stock is selling as low as 17½. Will you please send me your analysis? What is the 1929 outlook for this company? I have 300 shares which cost me $20 a share.—S. G., Rochester, Minn.

While regarded, in later years, mainly as a producer of sulphuric acid and fertilizer, and a high cost copper producer, Tennessee Copper & Chemical has benefitted to an appreciable extent from the higher copper metal

(*Please turn to page* 1162)

When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect



HERSHEY Chocolate Company's plant at Hershey, Pa., in a setting designed for the comfort and recreation of employes.

Taking the Broader View

AMERICAN business and American investors have steadily been drawing together in a community of interest which has extended the proceeds of business prosperity to thousands of people. This union was revealed strongly when the number of bond buyers increased to a great aggregate during the post-war reconstruction period. During more recent years the public has awakened to opportunities offered to investors in common stocks of well-managed, prosperous corporations.

Past experience has shown that in this country of vast resources and continuous commercial and industrial growth, investors may profitably include carefully selected junior stocks among their holdings.

The National City Company has carried out extensive studies of common stocks during the last two years and includes several in its list of investment recommendations.

THE NATIONAL CITY COMPANY

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TRADE TENDENCIES

BUSINESS REFLECTS SEASONAL INFLUENCES

Rising Volume in Some Lines with Lessening Tendency in Others—Profit Position Generally Favorable—Prices Firm

STEEL

Activity Well Sustained

THE current condition of the steel industry has most often, of late, been described in the expression "running on its own momentum." The use of this phrase is in itself a tacit acknowledgement of a production outlook at less active levels within the next month or so, although it appears that the true significance of the statement is not fully appreciated in many quarters.

Normally, peak activity in steel manufacturing centers obtains late in the month of March, and then fades away to the low point of the year, which usually holds forth in July. However, this year, the automotive

(*Please turn to page* 1156)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1929 High	1929 Low	1929 Last
Steel (1)	$34.00	$33.00	$34.00
Pig Iron (2)....	17.50	17.50	17.50
Copper (3)	0.23½	0.16¾	0.23½
Petroleum (4) ..	1.36	1.20	1.20
Coal (5)	1.70	1.65	1.65
Cotton (6)	0.21½	0.20⅛	0.20⅝
Wheat (7)	1.65⅜	1.46⅜	1.46⅜
Corn (8)	1.17¼	1.04⅞	1.05¾
Hogs (9)	0.11½	0.08⅞	0.11¼
Steers (10)	17.00	14.25	14.25
Coffee (11)	0.18½	0.17¾	0.17¾
Rubber (12)	0.26⅛	0.18⅝	0.23
Wool (13)	0.45	0.43	0.43
Tobacco (14) ...	0.14	0.14	0.14
Sugar (15)	0.03⅞	0.03¾	0.03¾
Sugar (16)	0.05⅛	0.04⅞	0.04⅞
Paper (17)	0.03¼	0.03⅛	0.03⅛
Lumber (18) ...	25.38	24.31	25.38

* April 6, 1929.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—The time is approaching when a seasonal decline in activity should begin to make itself apparent. However, operations so far have firmly upheld the record heights of March and the first quarter. Earnings statements for the quarter will soon appear and indications are that they will be highly satisfactory.

METALS—Extreme weakness in London copper markets was reflected in a price collapse here,—from 24½c. to 19¼c. per pound. Unsettlement developed in tin and lead too. However, the statistical position of the non-ferrous group is strong. The course of prices does not lend itself to precise interpretation but more stability is anticipated.

PETROLEUM—Despite the lack of Federal sanction, leaders in the industry are striving mightily to effect some curtailment program. Late output figures compare favorably with preceding weeks, the trend being irregularly downward. The spring gasoline movement is on its way, and some of the surplus stocks are being depleted.

SUGAR—Estimates of a Cuban crop of over 5 million tons have depressed the price of raws to the lowest levels in many years. However, the question of a possible tariff change causes most speculation as to the future course of quotations. The present situation is clouded, and profits in almost every case are practically nil.

LUMBER—Orders are appearing in very satisfactory volume for lumber manufacturers. In addition, a late report shows production 12 per cent below requirements, attesting the positive results of effective curtailment in an industry which long suffered from over-production. The strengthened basic conditions should be reflected in better earnings.

APPAREL—Conditions are mixed in the various lines. Competition and consequent abnormally low selling prices preclude good earnings for shirt and collar makers, while cheaper raw material costs and large sales volume may aid clothing manufacturers. Hosiery makers are possibly best situated of all branches.

SUMMARY—The seasonal influences of spring months are being pictured in many industries. Those whose business expands at this time of the year are enjoying active conditions whereas others are inclined to dullness. In the aggregate, however, general conditions are satisfactory.

To *stockholders* *of* Close Corporations:

H*ave you overlooked this problem?*

YOUR CORPORATION may be well managed, aggressive and very successful, yet it is likely to have this serious *weak spot.*

What would happen in case of the death of one of your principal stockholders? How would his heirs be compensated for his interest? How do the other stockholders of your corporation plan to retain the interests of the deceased for themselves? How desirable would it be to find unknown persons as large stockholders in your business... because you had not planned to purchase the stock of the deceased?

How much is it worth to you *to be assured* of an uninterrupted business in such a case as this?

Answers to these pertinent questions may be had by sending for a booklet we have prepared. It is entitled, "To Officers of Close Corporations."

♦ ♦

WE realize that the average business man receives daily more business literature of an advertising and promotional nature than he can possibly read.

We also realize that this daily influx of mail carries some very worthy new ideas which the busy man is glad to have brought to his attention.

Frankly, we have published this to interest you in a new booklet which we, as a large metropolitan bank, believe contains a new and worthy idea.

If you are an officer and stockholder in a close corporation, we recommend that you send for and read this booklet, "To Officers of Close Corporations."

♦ ♦

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AN ICONOCLASTIC VIEW OF FEDERAL RESERVE "CONTROL"

(*Continued from page* 1097)

considered heretical financing, but the pundits of economics were summoned to defend and vindicate it, and presently it was hailed as sound financing, as a means of discontinuing earnings—the only thing most people have to discount. Perhaps the new methods of financing industry and the stock market by industry may yet be welcomed to financial orthodoxy.

I suspect that much of the Jeremiahing we now have about stock speculation is in the same category as this forgotten automobile foolishness. When you have half the wealth of the nation as easily exchangeable as a two-cent newspaper on the streets, and you have perhaps twenty million people about as ready to buy a bunch of shares daily as they are to purchase a newspaper, we have come into a new commercial era. I don't profess to be able to fathom and chart it. None of us have got our bearing yet, and we ought not to try to risk the ship of prosperity by steering it with an old-fashioned compass that was all right in seas that were not magnetized by new terrestrial forces. We had better do a little sounding and a little studying of currents, meteorology and magnetic fields before we commit ourselves to a new course and a new system of navigation.

Speculation in All Business

Talk about speculation—where does it begin and end in any business? What greater speculation in the world is there than the mammoth automobile industry which is actually speculating in "futures" ten years ahead. I mean by that that this industry on which the welfare and prosperity of millions rest, is calmly and methodically staking its very existence on plans that provide for a projected development ten years ahead. Who knows but that long before ten years has gone by the automobile as we now know it will not be as passé as the horse is now in city streets? And when we think of the losses that follow unlucky speculation, what huger loss is there anywhere than that a man takes when he buys an automobile today? The moment he drives the car out of the dealer's show room it drops 10 to 50 per cent in value, as measured by obtainable price. With 4,000,000 cars being bought yearly, it is apparent that the shrinkage of wages and other income by way of automobile purchase is dumfounding.

I am not wantonly and irresponsibly criticizing the Federal Reserve Board. It has onerous duties and grave responsibilities, and its members are prayerfully and conscientiously striving to meet them creditably. But

open discussion without pussyfooting is a positive need of this strange condition.

A Complex Situation

Who will deny that the situation is confused when the Board scares the market into a near panic and the president of one of its largest member banks tosses $25,000,000 into the same call money market the Board would dry up, in order to keep it from doing so and bring on a real panic. And yet this same bank president, I refer to Mr. Charles E. Mitchell of the National City Bank, is in favor of raising the rediscount rate!

It is my opinion that Mr. Mitchell did the right thing at the right moment. A real stock market panic of continued duration and great intensity would have the most disastrous repercussions on business everywhere. Yet, it would seem that the Federal Reserve Board is playing on the edge of such a precipice every time it gives security owners a shock. It is my personal opinion that the stock market will automatically cure its own lesions and probably in a more salutary way than the most careful treatment could.

Too Much Credit or Too Many New Securities?

But if the situation does require a doctor there might be another way of treating it than that now in vogue. The present approach to the problem assumes that there is too much easy money for speculation.

Why not study it on the hypothesis that there is too much subject matter for speculation?

When a boom in anything gets to roaring, the more of the boom material you feed it the more fiercely it booms. If the surveyors and subdividers were imprisoned when a real estate boom starts it wouldn't get very far. It would soon run out of cheap lots to be hoisted while the hoisting is good. *Perhaps we have too big a flow of new securities into the market.* Has the Federal Reserve Board considered this possibility? During the war security issues were rationed by government, in order to prevent new capitalizations from making it hard sledding for going productive concerns and difficult for the government to procure war funds. During the last few years we have taken on about $15,000,000,000, par, of foreign securities; at the same time domestic production financing has been of enormous volume. Behind all these securities there has been an insistent ballyhoo of an essentially speculative temper, even though under the most sedately conservative auspices. Every minute the public is introduced to a new flotation that may aspire to the sky tomorrow. Here is something to think about.

And while we are thinking about it, we might recall that it was the Federal Reserve Board, itself, that primed the stock certificate pump. It all goes back to the lowering of the rediscount rate

in 1927. Ostensibly, this was done to promote the flow of exports to Europe —particularly agricultural exports—but the chief reason was to shift gold to Europe and thereby help the restoration of the gold standard throughout the world—altogether laudable. The lowered rate moved the gold abroad all right—$500,000,000 of it—but it also made money cheap and abundant at home, and incubated a flood of new securities. Through this financing, corporations became independent of banks, even became money lenders on an enormous scale outside the preserves of the Federal Reserve system. Floods of money thus came into the call money market without the aid or consent of the bankers.

Striving for Control

The Federal Reserve then and there lost control of credit, which is one of its two primary functions. In a measure, it has been put out of business. The Board is striving to regain control. It is doubtful whether it can do so under its present authority. Such a failure might not be unwelcome abroad —perhaps it was foreseen in 1927.

An investigation of the position by Congress is proposed. It may come at the present extraordinary session. It is not on the program, but if the new House should direct, the organization of its committee on banking and currency hearings would probably follow. Hasty action should be avoided. All the facts should be assembled and studied—and then maybe the best course will be found to be inaction.

In the meantime, the stock market patient will probably get well by himself—if he is sick.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$7.00	Allis-Chalmers Mfg. ..	$1.75	Q	4-24	5-15
3.00	Amer. Can. com......	.75	Q	4-30	5-15
7.00	Am. Smlt. & Ref. pfd.	1.75	Q	5-3	6-1
1.00	Amer. Water Wks. & Elec. com.	.25	Q	5-1	5-15
—	Brown Shoe pfd......	1¾%	Q	4-20	5-1
3.00	Bruns-Balke-Coll. com.	.75	Q	4-25	5-15
4.00	Buckeye Pipe Line...	1.00	Q	4-22	6-15
—	Buckeye Pipe Line...	1.00	Ext	4-22	6-15
5.00	Cluett-Peabody com...	1.25	Q	4-20	5-1
6.00	Curtis Publishing com.	.50	M	4-20	5-2
2.40	Fair, The, com.......	.60	Q	4-20	5-1
4.00	Indiana Pipe Line....	1.00	Q	4-26	5-15
—	Indiana Pipe Line....	1.00	Ext	4-26	5-15
4.00	Liquid Carbonic com..	1.00	Q	4-20	5-1
6.50	Louisiana Oil Ref. pfd.	1.62½	Q	5-1	5-15
2.00	Macy (R. H.) & Co..	.50	Q	4-26	5-15
4.00	Miami Copper	1.00	Q	5-1	5-15
2.00	Motor Products com..	.50	Q	4-24	5-1
—	Nat'l Dairy Prod. com.	100%	Stk	4-25	5-20
2.50	Nat'l Food Prod. Cl. A	.62½	Q	5-3	5-15
—	New Jersey Zinc....	2%	Q	4-20	5-10
4.00	Norf'k & W'n adj. pfd.	1.00	Q	4-30	5-18
7.00	Phillips-Jones pfd. ...	1.75	Q	4-20	5-1
2.00	Richfield Oil com.....	.50	Q	4-20	5-15
2.00	So. Calif. Edison com.	.50	Q	4-20	5-15
3.50	Stewart-War. new inc.	.87½	Q	5-4	5-15
1.40	Tobacco Prod. Cl. A.	.35	Q	4-25	5-15
1.80	Tung Sol Lamp Cl. A.	.45	Q	4-20	5-1
.80	Tung Sol Lamp com..	.20	Q	4-20	5-1
5.00	Wabash R'way Pfd. A	1.25	Q	4-20	5-25
3.00	Wrigley, Wm. Jr.....	.25	M	4-20	5-1

New York Stock Exchange

RAILS

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	4/10/29	Share
A								
Atchison	200	161¾	204	182⅜	209⅜	195⅛	198	10
Do Pfd.	106¾	99⅜	108½	102½	103⅞	103	†103	5
Atlantic Coast Line	205½	174⅞	191½	157⅛	191¾	169	†176⅛	‡10
B								
Baltimore & Ohio	125	106½	125⅝	103¾	133	118⅛	123¾	6
Do Pfd.	83	73¼	85	77	80½	78	†78	4
Brooklyn-Manhattan Transit	70⅞	53	77¾	53⅜	81⅞	65	65½	4
Do Pfd.	88	78⅛	95⅜	82	92⅝	84	†87½	6
C								
Canadian Pacific	219	165	253	195½	265⅞	225½	235	10
Chesapeake & Ohio	218½	151¾	218¾	175½	229½	210	220	10
C. M. & St. Paul & Pacific	19¾	9	40½	22¼	39⅞	31	32½	..
Do Pfd.	37½	..	59⅝	37	63¾	50¾	53½	..
Chicago & Northwestern	97½	78⅜	94¼	78	94¼	81¾	83⅛	4
Chicago, Rock Is. & Pacific	116	68½	139⅝	106	139⅞	122½	124	7
Do 7% Pfd.	111¾	102¾	111½	105	108¼	105¼	†105¾	7
Do 6% Pfd.	104	95¼	105	99½	102⅞	100	101	6
D								
Delaware & Hudson	230	171⅛	226	163¼	207¼	182	185⅞	9
Delaware, Lack. & West	173	130⅛	150	125¼	133¼	124¼	124¼	‡7
E								
Erie R. R.	69¾	39½	72½	48⅜	78	64	68¾	..
Do 1st Pfd.	66¼	52⅜	63⅞	50	64¾	57	60¼	..
Do 2nd Pfd.	64½	49	62	49¼	60¼	56	†57½	..
G								
Great Northern Pfd.	103⅞	79⅝	114¾	93½	115⅞	102	103	5
H								
Hudson & Manhattan	65⅞	40½	73½	50⅛	58⅜	40¾	41⅛	2½
I								
Illinois Central	139⅜	121⅛	148¾	131¾	152	134	135½	7
Interborough Rap. Transit	52⅛	30½	62	29	58⅜	29	29⅞	..
K								
Kansas City Southern	70¼	41¼	95	43	98⅞	78	82½	5
Do Pfd.	73½	64⅞	77	66½	70½	65⅞	65⅞	4
L								
Lehigh Valley	137½	88½	116	84⅛	102¼	86¾	†87	3½
Louisville & Nashville	159⅛	128⅜	159½	139⅜	153½	138¾	140	7
M								
Mo., Kansas & Texas	56½	31½	58	30½	55	42½	46½	..
Do Pfd.	109½	95¾	109	101½	105¾	102	102¼	7
Missouri Pacific	62	37⅞	76¼	41⅞	87⅞	62½	78	..
Do Pfd.	118⅝	90⅛	126⅞	105	137⅜	120	131½	5
N								
New York Central	171½	137⅛	196½	156	204¼	178½	181	8
N. Y., Chic. & St. Louis	240½	110	146	121¼	145	128⅛	134	6
N. Y., N. H. & Hartford	63¼	41⅝	82¾	54⅜	98¾	80⅞	89⅛	4
N. Y., Ontario & Western	41¾	23¼	39	24	32	25	26½	..
Norfolk & Western	202	156	198½	175	206	191	195¾	‡10
Northern Pacific	102⅛	78	118	92⅜	114¾	99⅝	101⅛	5
P								
Pennsylvania	68	56¾	76⅞	61⅞	82¼	72½	75	3½
Pere Marquette	140½	114½	154	124⅞	174¾	148	†152	‡8
Pittsburgh & W. Va.	174	122½	163	121¼	148¾	129	†129	6
R								
Reading	123¾	94	119⅝	94¼	117½	102⅛	106	4
Do 1st Pfd.	43½	40½	46	41⅛	43¼	41⅞	†41½	2
Do 2nd Pfd.	50	43¾	59⅞	44	49¾	45⅜	46	2
S								
St. Louis-San Fran.	117¼	100¾	122	109	122½	111	112	8
St. Louis-Southwestern	93	61	124⅛	67½	115¾	96⅛	100	..
Seaboard Air Line	41¼	28⅛	30½	11⅝	21¾	16½	†17	..
Do Pfd.	45⅜	32⅛	38	17	24½	20	†20	..
Southern Pacific	126⅞	106¼	131¼	117⅝	138⅜	124	127	6
Southern Railway	149	119	165	139½	158⅜	141	142	8
Do Pfd.	101⅛	94	102¼	96⅝	99	97⅛	97⅛	5
T								
Texas & Pacific	103⅞	53⅞	194⅝	99½	178	156½	†160	5
U								
Union Pacific	197¾	159½	224⅞	186⅛	231	209	216	10
Do Pfd.	85¾	77	87¼	82⅛	84⅜	81½	82⅛	4
W								
Wabash	81	40⅛	96¼	51	81⅜	61	†63	..
Do Pfd. A	101	76	102	88⅛	104⅞	91½	†93	5
Do Pfd. B	98	65	99½	87	91	81½	†81	..
Western Maryland	67⅞	13¾	54¾	31¾	54	32½	41¾	..
Do 2nd Pfd.	67½	23	54⅞	33½	53½	38⅝	†41	..
Western Pacific	47½	25⅛	38½	28¼	41⅞	33	35⅛	..
Do Pfd.	76⅜	55	62⅛	52½	64½	57	†58	..

INDUSTRIALS AND MISCELLANEOUS

A								
Abitibi Power & Paper	150¼	83	85	36¼	54⅞	39¼	39⅜	..
Abraham & Straus	118¾	62¼	142	90	159½	128	†130¼	..
Advance Rumely	15¾	7⅝	65	11	97½	48	89¼	..
Air Reduction, Inc.	199⅛	134½	99⅝	59	114⅝	95⅛	98	‡3
Ajax Rubber, Inc.	13¾	7½	14⅜	7½	11¼	7½	7⅞	..
Allied Chemical & Dye	169¼	131	252¾	146	305¾	241	267¾	6
Allis Chalmers Mfg.	118¾	88	200	115⅛	194	166	166¼	7
Amer. Agricultural Chem.	21½	8⅛	26	15⅝	23⅝	14½	15½	..
Amer. Bank Note	98	41	159	74¾	134¼	110	115	‡3
Amer. Bosch Magneto	26¾	13	44⅜	15⅜	60⅞	40½	53⅞	..
Amer. Brake Shoe & Fdy	46	35⅛	49⅛	39⅞	62	45	51½	1.60
American Can	77⅝	43⅝	117½	70½	130⅜	107¾	128	‡4
Amer. Car & Fdy	111	95	111½	88¼	106½	93	99	6
Amer. & Foreign Power	31	18⅞	85	22⅝	138⅞	75¼	89⅛	..
American Ice	32	25¾	46⅜	28	43¾	38	†39⅛	‡3
Amer. International Corp	72⅜	37	150	71	76¼	57¾	61½	2
Amer. Metal Co., Ltd	49⅜	36⅛	63¾	39	81¾	55½	60	3
Amer. Power & Lt.	73⅜	54	95	62¼	120	81⅛	94⅞	1
American Radiator	147⅞	110⅛	191½	130⅛	211	165	178	5
Amer. Safety Razor	64⅞	42	74⅞	56	74¾	62	67⅛	‡5
Amer. Smelting & Refining	188¾	132⅝	293	169	124¾	93½	103½	4
Amer. Steel Foundries	72¾	41⅛	70⅜	50⅛	78⅞	62	65	3
Amer. Sugar Refining	95¾	65¼	93½	55	94¾	71½	76	..

Price Range of Active Stocks

INDUSTRIALS—(Continued)

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	4/10/29	Share
Amer. Tel. & Tel.	185½	149¼	211	172	224	193¼	216⅞	9
Amer. Tobacco Com.	189	120	184⅜	152	186½	160	163¼	8
Amer. Type Founders	146	119⅞	142¼	109⅞	155	136½	140	8
Amer. Water Works & Elec.	72⅛	46	76½	52	94	67¼	81½	1
American Woolen	33⅜	16½	32⅜	14	27⅞	19⅛	20	..
Amer. Zinc, Lead & Smelt	10¼	5¾	57	6⅜	49¼	30⅜	35¾	..
Anaconda Copper Mining	60½	41¼	120¼	54	174⅞	115¼	143	7
Armour of Ill. Cl. A	15⅞	8¼	23½	11¼	18⅜	12⅛	12½	..
Do Cl. B	9⅛	5	13½	6⅝	10¼	6½	7	..
Arnold Constable Corp	55½	21	51¾	35¼	40⅞	25	25¼	..
Assoc. Dry Goods	53⅝	39½	75½	40¼	70¾	50	51¾	2½
Atlantic, Gulf & W. I. S.S. Line	43½	30⅜	59⅞	37⅛	51½	32⅛	48⅞	..
Atlantic Refining	131⅜	104	66½	50	68	53½	56⅞	1¼
Austin, Nichols & Co.	10¼	4¼	9¼	4⅜	10	5¾	6	..
B								
Baldwin Loco. Works	265¾	143⅛	285	235	271½	225	255½	7
Barnsdall Corp. Cl. A	35½	20¾	53	20	46⅞	38⅛	43⅞	2
Beech Nut Packing	74¼	50¼	101¼	70⅜	101	81¾	91¾	3
Bethlehem Steel Corp	66½	43¾	86⅜	51⅞	113	82⅛	110⅝	4
Borden Company	169	167½	187	152	203¾	174½	181	6
Briggs Mfg.	36⅜	19½	63⅝	21⅛	63⅛	33¼	42⅝	..
Bucyrus-Erie Co.	31	21½	48¾	24½	42¾	32⅜	32⅝	1
Burns Bros. new Cl. A Com	125¾	85½	127	93½	127	110	†109½	..
Do new Cl. B Com	34¾	16¼	43⅜	15⅞	39	30¼	30¼	..
Byers & Co. (A. M.)	102¾	42	206¾	90½	192⅞	134	155	..
C								
California Packing	79	60¼	82⅝	68½	81⅝	72⅛	73⅝	4
Calumet & Arizona Mining	123½	61⅛	133	89	142⅝	121¼	124⅛	6
Calumet & Hecla	24¾	14¼	47⅜	20⅛	61⅞	42⅛	47	4
Canada Dry Ginger Ale	60⅛	36	86½	54⅞	89¾	78	80¾	‡4½
Cerro de Pasco Copper	72½	58	119	58½	120	99⅛	101	6
Chile Copper	44⅜	33⅛	74⅞	37⅜	127½	71⅜	104⅜	3½
Chrysler Corp.	63½	38⅛	140½	54¾	135	89¾	92½	3
Coca Cola Co.	199½	96½	180½	127	140	123¼	128	4
Collins & Aikman	113⅜	86	111¾	44⅛	72¼	50	57	..
Colorado Fuel & Iron	96⅜	42⅝	84½	52½	78½	59	64½	..
Columbian Carbon, V. T. C.	101¼	66⅞	134¾	79	154⅞	121¼	129	‡4½
Colum. Gas & Elec.	98¾	82⅞	140⅞	89½	160	133¾	139½	5
Commonwealth Power	78¾	48⅝	110½	62¼	143¼	107¼	129	‡4
Congoleum-Nairn, Inc.	29¾	17¼	31½	22	35¾	22½	24¾	..
Congress Cigar	88½	47	87¼	67	92⅜	76	78	5
Consolidated Gas of N. Y.	125¾	94	170¼	74	118½	95½	101¼	3
Continental Baking Cl. A	74⅞	33½	53½	26½	69	47⅛	66½	..
Do Cl. B	10¼	4	9⅜	3¾	13¾	8⅛	10	..
Continental Can, Inc.	86⅞	58¾	128⅞	53	80⅛	60	73¼	2½
Continental Motors	13¾	8⅞	20½	10	28¾	17⅛	20	.80
Corn Products Refining	68	46⅞	94	64⅜	91⅞	82	90	‡3
Crucible Steel of Amer	96¾	76½	93	69¼	94	85	88	5
Cuba Cane Sugar	10¾	4⅞	7½	4⅜	5½	3½	3⅞	..
Cuban-Amer. Sugar	26½	18⅞	24¼	15⅜	17	11	12	..
Cudahy Packing	58¾	43½	78¼	54	67⅞	52⅝	54¾	4
Curtiss Aero. & Motor Co.	59¾	45⅛	192¾	53⅛	173½	135⅛	146½	1
Cuyamel Fruit	55½	30	63	49	85	63	73	..
D								
Davison Chemical	48½	26¼	68¾	34⅜	69⅛	49	52⅝	..
Drug, Inc.	..	..	120⅛	80	126⅛	110	110¼	4
E								
Eastman Kodak Co.	175¼	126¼	194¼	163	194½	170½	170½	‡8
Eaton Axle & Spring	29¾	21¼	68⅛	26	76¾	60¼	63	3
E. I. du Pont de Nemours	343⅞	168	503	310	198½	155¾	177	4
Elec. Power & Light	32⅜	16½	49⅜	28¾	70⅛	43⅛	61	1
Elec. Storage Battery	79½	63¼	91⅛	69	92⅞	77	81	5
Endicott-Johnson Corp.	81¼	64¾	85	74¾	83⅜	71⅜	71¾	5
Engineers Pub. Service	39⅝	21¾	51	33	60¼	47	48¾	1
F								
Federal Light & Traction	47	37½	71	42	86½	68⅛	81½	1½
Fisk Rubber	20	14¾	17¾	8⅞	20⅛	10⅞	11⅛	..
Fleischmann Co.	71⅛	46⅛	89⅜	65	84⅜	68⅜	70	‡3½
Fox Film Cl. A	85½	50	119⅝	72	101	82⅛	83½	4
Freeport Texas Co.	106½	34¼	109¼	43	54⅞	38	47⅜	4
G								
General Amer. Tank Car	64⅜	46	101	60⅞	102	81½	†86¾	4
General Asphalt	96¾	65	94⅞	68	81¼	61	67	..
General Electric	146⅝	81	221½	124	262⅜	219	231	‡6
General Motors Corp	141	113¼	224¾	130	91¾	77⅛	84	3
General Railway Signal	153¼	82⅛	123⅝	84¼	111½	93½	95½	5
Gold Dust Corp., V. T. C.	78¾	42	143¼	71	82	54⅛	61	2½
Goodrich Co. (B. F.)	96½	42¾	109¼	68½	105¾	83⅝	88	4
Goodyear Tire & Rubber	69⅜	48⅜	140	45⅛	154½	112	132½	..
Graham-Paige Motors	..	..	61¼	16¾	54	39⅛	40¾	..
Granby Consol. Min., Smelt. & Pr.	45	31⅛	93	39⅛	102⅞	81	91⅝	7
Great Western Sugar	44⅝	35⅛	38½	31	44	32¾	36½	2.80
Greene Cananea Copper	151½	29¼	177¼	89⅜	197⅝	152⅝	164	8
Gulf States Steel	64	40	73⅞	51	79	61¾	63	4
H								
Hershey Chocolate	40¼	37⅞	72½	30¾	75⅛	64	71	..
Houston Oil of Texas Tem. Ctfs.	175	60⅛	167	79	109	80⅛	102⅜	..
Hudson Motor Car	91½	48¼	99⅞	75	93½	81⅛	86⅜	5
Hupp Motor Car	36¼	16	84	29	82	55⅜	57⅜	2
I								
Inland Steel	62⅜	41	80	46	96⅞	78½	91½	3½
Inspiration Consol. Copper	25½	12½	48⅞	18	66¾	43⅛	49	4
Inter. Business Machines	119¾	53⅛	166⅜	114	168½	149⅜	159½	5
Inter. Cement	65⅜	45¼	94⅞	56	102¾	85⅛	86	4
Inter. Comb. Eng. Corp	64	40⅛	80	45¼	103½	61	70⅛	2
Inter. Harvester	255⅝	135⅜	97⅞	80	115	92¾	102½	2½
Inter. Mercantile Marine	8¾	3½	7⅜	3¾	7¼	5	5¾	..
Inter. Nickel	89½	38¼	269½	73⅝	72¾	40½	46	.80
Inter. Paper	81½	39⅛	86⅜	50	83	57½	76	2.40
Inter. Tel. & Tel.	158⅞	122¼	201	139½	279	197¼	244¾	6
J								
Johns-Manville	126	55½	202	96¼	242¾	155¼	179	3
K								
Kelly-Springfield Tire	32¼	9½	25½	19¼	24	11	15⅛	..
Kennecott Copper	90⅜	60	156	80⅛	104⅞	78⅝	84¼	4
Kresge Co. (S. S.)	77¼	45⅞	91¾	65	57½	46¼	49½	1.60
Kroger Grocery & Baking	145	119	132¼	73¼	122½	85	88⅞	1

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS—(Continued)

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	4/10/29	Share
L								
Lehn & Fink	43	32⅝	64⅞	38	68½	52½	53½	3
Liggett & Myers Tob.	128	87½	122½	83⅛	105½	81½	87¾	‡5
Lima Loco. Works	76⅜	49	65⅞	38	55	44⅛	50	..
Loew's, Inc.	63⅞	48⅞	77	49⅛	84½	58⅝	60	‡3
Loose-Wiles Biscuit	57¼	35½	88¾	44¼	74⅝	59⅛	63¼	2.60
Lorillard	47⅜	23½	46⅞	23¾	28⅜	20	23⅞	..
M								
Mack Truck, Inc.	118¾	88¼	110	83	114¾	91	104½	6
Magma Copper	58¾	29½	75	43¾	82½	66	68⅛	5
Marland Oil	58½	31	49¾	33	47⅛	35⅞	41¾	..
May Dept. Stores	90⅝	66¾	113½	75	108½	83	84⅜	4
McKeesport Tin Plate	..	..	78⅜	62½	82	62½	67¼	4
Mexican Seaboard Oil	9¼	3	73	4⅝	69⅜	41½	47¾	..
Miami Copper	20¾	13⅛	33	17¾	54½	30⅛	44⅛	4
Mont. Ward & Co.	121½	60⅝	156½	115¼	156⅞	111⅛	119	2½
Murray Body	43	16¼	124¼	21½	78¾	62	70⅞	..
N								
Nash Motor Co.	101⅞	60¼	112	80¼	118⅞	94	98⅛	6
National Biscuit	187	94¾	195¼	159½	205	168	178¼	‡7
National Cash Reg.	51⅝	39⅞	104¾	47¼	148¾	96	125¼	‡4
National Dairy Prod.	68⅞	59¼	133½	64⅛	137⅝	116⅛	124	3
National Enameling & Stamp	35⅜	19⅛	57⅜	23¼	62¼	48⅞	†50½	1
National Lead	202¾	*95	136	115	173	132	147½	5
National Power & Light	26¾	19¼	46⅝	21⅞	61⅜	42¼	48¼	1
Nevada Consol. Copper	20⅝	12¾	42⅜	17¾	62⅞	39¾	49⅛	3
N. Y. Air Brake	50	39¼	50½	39⅞	49¾	41½	45½	3
North American Co.	64½	45⅝	97	58⅝	109½	90⅝	100	§10%
O								
Otis Steel	12⅛	7⅛	40⅛	10⅛	48⅜	37¼	43⅜	..
P								
Packard Motor Car	62	33¾	163	56¼	153	116½	127	‡3½
Pan-American Pet. & Trans.	65⅞	40⅛	55½	38¼	56½	40¼	56½	..
Paramount Famous Lasky	115⅝	92	56⅜	47¼	72	55⅛	62⅛	3
Phila. & Reading C. & I.	47⅝	37⅜	39¾	27⅜	34	20⅝	22½	..
Phillips Petroleum	60¼	36¼	53⅞	35¼	47	37¼	41⅝	1½
Pierce-Arrow Cl. A	23⅝	9⅛	30⅞	18½	37⅞	27½	31	..
Pillsbury Flour Mills	37½	30⅞	58⅞	32¾	63⅞	48¼	50	1.60
Pittsburgh Coal of Penna	74⅛	32¾	78⅞	36⅛	83¾	61	63	..
Postum Co., Inc.	126⅛	92⅝	136½	61⅜	78⅜	62¾	63⅞	3
Pressed Steel Car	78¼	36½	33½	18	25⅜	19⅝	21⅝	..
Public Service of N. J.	46⅞	32	83⅛	41½	94¾	75	77¾	2.60
Pullman, Inc.	84¾	73¾	94	77⅞	91⅞	79⅝	81⅜	4
Pure Oil	33⅛	25	31¼	19	28½	23¼	25⅝	1
R								
Radio Corp. of America	101	41⅛	420	85¼	109¾	68¼	93¾	..
Remington-Rand	47¼	20⅛	36⅛	23⅛	35¾	28	30¾	..
Reo Motor Car	26⅞	25½	35¼	22½	31⅞	25⅝	28	‡1
Republic Iron & Steel	75⅞	53	94½	49⅛	100⅞	79¼	93	4
Reynolds (R. J.) Tab. Cl. B	162	98⅛	165½	126	66	53	54⅝	2.40
Richfield Oil of Calif.	28⅝	25⅜	56	23½	49⅝	39¾	42½	2
S								
Savage Arms Corp.	72½	43⅛	51	36¼	51⅞	38¼	40	2
Schulte Retail Stores	57	47	67⅛	35⅝	41½	25½	25½	3½
Sears, Roebuck & Co.	91⅛	51	197½	82⅛	181	139¾	146⅞	2½
Shell Union Oil	31¾	24⅝	39⅜	23¼	31¾	25¾	29	1.40
Simmons Co.	64¾	33⅛	101⅜	55¾	116	75	80	3
Sinclair Consol. Oil Corp.	22¾	15	46¾	17⅜	45	35½	38⅝	‡2¼
Skelly Oil Corp.	37¾	24⅛	42⅝	25	40⅞	32⅞	38¾	2
Spicer Mfg. Co.	28⅞	20½	51⅝	23½	66¾	45	53⅜	..
Standard Gas & Elec. Co.	66¾	54	84⅝	57⅞	99⅞	80¾	85	3½
Standard Oil of Calif.	60¾	50⅜	80	53	81¼	64	78	‡3
Standard Oil of N. J.	41⅜	35⅛	59¾	37¾	61½	48	57⅛	‡1½
Standard Oil of N. Y.	34⅛	29¾	45½	28¾	45¾	38	42⅞	1.60
Stewart-Warner Speedometer	87½	54¼	128⅛	77¼	145	120½	131	7
Stromberg Carburetor	60	26⅛	99	44	78	52¾	75½	3
Studebaker Corp.	63½	49	87½	57	98	77	81¾	5
T								
Texas Corp.	58	45	74¾	50	68	57¼	63¾	3
Texas Gulf Sulphur	81⅜	49	82½	62⅛	82	72¼	78¾	4
Texas Pacific Coal & Oil	18⅞	12	26⅝	12⅛	23⅞	16	19⅝	§2¼
Tide Water Assoc. Oil	19⅛	15⅜	25	14¾	22	17½	19⅛	..
Timken Roller Bearing	142⅛	78	154	112⅝	87	73½	78½	3
Tobacco Prod. Corp.	117⅝	92¾	118⅛	93	22⅛	16¾	17	1.40
Transcontinental Oil temp. ctf.	10⅜	3¾	14⅛	6¾	13	9	10½	..
U								
Underwood-Elliott-Fisher	70	45	93⅞	63	121	91	116⅝	4
Union Carbide & Carbon	154½	99⅛	209	136⅛	228	196½	215¼	6
Union Oil California	56½	39⅝	58	42¾	52½	46	50	2
United Cigar Stores	38⅛	32⅝	34⅝	22⅞	27½	21¾	22½	1
United Fruit	150	113½	148	131⅛	158½	130¾	131	4
U. S. Cast Iron Pipe & Fdy.	246	190½	53	38	55⅞	36	42¼	2
U. S. Industrial Alcohol	111½	69	138	102⅛	154⅞	128	143¾	6
U. S. Rubber	67⅛	37¼	63¼	27	65	42	52¾	..
U. S. Smelting, Ref. & Mining	48⅞	33⅜	71½	39½	72⅞	57½	59¼	3½
U. S. Steel Corp.	160¼	111⅜	172¼	132⅜	193⅞	157⅛	188	7
V								
Vanadium Corp.	67⅝	37	111½	60	116⅛	83¼	95	‡4
W								
Warner Bros. Pictures	48½	18¼	139¼	80⅞	134	97	99	..
Western Union Tel.	176	144½	201	139½	220¾	179¾	194½	8
Westinghouse Air Brake	50½	40	57⅜	42⅛	54⅛	45⅛	47¼	2
Westinghouse Elec. & Mfg.	94¾	67⅝	144	88⅛	166½	137½	145⅞	4
White Motor	58⅜	30¼	43¾	30¼	53⅛	40⅝	47¼	1
Willys-Overland	24¾	13⅛	33	17⅜	35	24⅝	26	1.20
Woolworth Co. (F. W.)	198½	117⅜	225¾	175⅛	222¼	192⅛	210⅝	6
Worthington Pump & Mach.	46	20½	55	28	64⅛	43	45½	..
Wright Aeronautical	94¾	24⅛	289	69	299	220	240	2
Y								
Youngstown Sheet & Tube	100⅛	80⅛	115⅝	83⅛	130⅛	105	125	5

* Ex-dividend. † Bid price. ‡ Partly extra. § Payable in stock.

Securities Analyzed, Rated and Mentioned in this Issue

INDUSTRIALS

BONDS

PETROLEUM

PUBLIC UTILITIES

MINING

RAILROADS

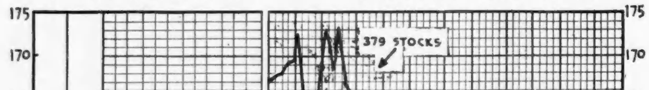
THE MAGAZINE OF WALL STREET'S

COMMON STOCK PRICE INDEX

(1925 Closing Prices = 100)

Number of Issues in Group	Group	1929 Indexes (379 Issues) High	1929 Indexes (379 Issues) Low	Recent Indexes Mar. 30	Recent Indexes April 6	1928 Indexes (308 Issues) Close	1928 Indexes (308 Issues) High	1928 Indexes (308 Issues) Low
379	**COMBINED AVERAGE**	173.1	160.2	165.2	162.2	165.4	166.0	109.2
40	Railroads	159.1	145.1	145.1	147.1	147.1	148.9	119.5
2	Agricultural Implements	642.5	504.5	642.5h	642.0	513.2	513.2	280.5
8	Amusement	268.0	226.9	236.0	226.9	253.8	262.9	98.3
15	Automobile Accessories	207.3	189.3	195.2	189.3	190.2	190.2	86.4
18	Automobiles	134.9	119.5	122.1	119.5	133.5	133.5	79.0
2	Aviation (1927 Cl.—100)	302.1	264.5	277.0	275.2	284.4	(Begun 1929)	
3	Baking (1926 Cl.—100)	95.5	74.3	74.3	74.3	82.3	82.9	51.5
2	Biscuit	237.7	204.5	209.0	204.5	225.2	242.4	169.7
4	Business Machines	272.0	234.1	264.1	262.9	235.0	235.0	153.7
2	Cans	209.3	177.7	207.3	209.3H	177.7	181.4	117.2
7	Chemicals & Dyes	247.9	221.7	239.9	238.8	221.9	(Begun 1929)	
2	Coal	124.0	96.5	97.1	96.5	120.2	120.3	81.8
14	Construction & Bldg. Material	141.3	122.2	127.3	122.2	136.9	136.9	94.4
15	Copper	391.5	299.6	374.1	349.4	299.6	299.6	159.8
3	Dairy Products	121.0	109.8	109.8	110.0	120.4	132.5	68.1
7	Department Stores	86.5	70.8	72.7	70.8	86.5	89.5	62.9
10	Drugs & Toilet Articles	199.2	181.1	183.5	181.1	196.0	201.9	157.2
5	Electric Apparatus	216.0	183.5	206.8	216.0H	183.5	183.5	125.6
3	Fertilizers	121.4	91.5	98.1	91.5	106.4	116.3	78.4
3	Finance Companies	275.7	126.7	243.8	236.1	126.7	(Begun 1929)	
4	Furniture & Floor Covering	197.5	154.2	160.5	154.2	185.0	185.0	110.2
5	Household Appliances	110.8	93.5	96.2	93.5	110.8	113.3	87.5
2	Invest. Trusts (1928 Cl.—100)	108.2	94.6	99.1	94.6	100.0	(Begun 1929)	
3	Mail Order	418.6	329.9	340.9	329.9	418.6	426.5	147.9
4	Marine	88.4	74.7	85.8	87.7	77.4	96.5	66.8
2	Meat Packing	104.4	80.7	83.1	80.7	104.4	(Begun 1929)	
40	Petroleum & Natural Gas	168.9	143.8	166.9	163.2	164.4	182.6	86.1
5	Phon'phs & Radio (1927—100)	321.1	260.1	311.1	295.3	290.0	(Begun 1929)	
17	Public Utilities	252.1	213.3	235.6	228.4	215.5	215.5	127.9
10	Railroad Equipment	131.4	121.9	131.4H	128.5	127.6	128.9	112.1
3	Restaurants	133.2	119.3	121.7	119.3	131.0	138.1	89.8
2	Shoe & Leather	178.3	140.3	142.5	140.3	176.2	231.4	138.3
2	Soft Drinks (1926 Cl.—100)	225.6	206.9	220.5	216.6	208.6	214.0	152.9
13	Steel & Iron	153.9	138.0	144.3	144.8	138.8	143.4	86.3
6	Sugar	81.6	64.7	65.6	64.7L	78.7	93.7	72.8
2	Sulphur	295.2	265.0	282.0	276.7	286.9	386.9	251.6
3	Telephone & Telegraph	183.4	150.1	183.4H	176.1	150.1	150.1	120.8
6	Textiles	128.5	104.0	106.6	104.0	122.8	123.8	78.6
8	Tire & Rubber	111.4	92.8	97.4	92.8	104.0	104.0	61.5
11	Tobacco	184.6	165.3	168.4	165.3 l	180.9	195.0	167.8
5	Traction	140.4	125.1	128.9	128.3	126.6	150.4	103.8
2	Variety Stores	128.0	111.0	112.9	111.4	124.4	126.8	98.0

H—New HIGH record since 1925. L—New LOW record since 1925.
h—New HIGH record since 1927. l—New LOW record since 1927.



(An unweighted Index of weekly closing prices specially designed for investors. The 1929 Index includes 379 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments; and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included, renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

NEW ISSUE

100,000 Shares

Bankers National Investing Corporation

Common Stock Class A
(Without Par Value)

FIDELITY TRUST COMPANY OF NEW YORK
Transfer Agent

IRVING TRUST COMPANY, NEW YORK
Registrar

BUSINESS: Bankers National Investing Corporation has been formed under the laws of Delaware to buy, sell, underwrite, offer and generally deal in diversified corporation, governmental and other securities of all kinds, including securities of soundly managed commercial banks and other financial institutions in selected communities. The management of the Company is to be provided by persons who have had long experience in the field of industrial loans and it is believed that securities of corporations engaged in this field may be acquired, from time to time, at prices substantially below their real value. The Company, when advantageous opportunities are presented, will purchase securities from interests with which it is affiliated and from persons connected with such interests or with the management of the Company. The Company will thus afford to its stockholders the means to participate in diversified investment and financial opportunities not ordinarily available to them as individuals.

CAPITALIZATION: The capitalization of the Company is as follows:

	Authorized	To be Presently Issued
Common Stock Class A (Without Par Value)	1,000,000 Shares*	100,000 Shares
Common Stock Class B (Without Par Value)	100,000 Shares	10,000 Shares**

*200,000 shares reserved against warrants, to be delivered to the bankers and to directors, officers and others to be identified with the management, entitling the bearers to subscribe, on or before March 1, 1939, in the aggregate for that number of shares at $29 per share, the present offering price of Class A Stock to the public.

**10,000 shares of Common Stock Class B have been purchased from the Company in equal proportions by Beneficial Loan Society and by Collateral Bankers, Inc., two outstanding corporations in the field of industrial loans, at a price per share equal to the net amount per share to be received by the Company from the sale of the shares of its Common Stock Class A to be presently issued. Approximately 2,000 additional shares may be presently issued and sold at the same price per share to Directors of the Company and others.

Holders of Common Stock Class A and Common Stock Class B have equal rights, share for share, in respect of dividends and of the distribution of assets upon the dissolution or liquidation of the Company and in all other respects, except that the holders of Common Stock Class A have the right to elect one-third of the Board of Directors, but have no other voting power, and that in the event of a declaration of a stock dividend, such dividend will be payable to holders of each class of stock in stock of that class unless the number of shares of Common Stock Class B available for the purpose is insufficient, in which event such dividend (to the extent that the Common Stock Class B is insufficient therefor) may be paid to the holders of Common Stock Class B in Common Stock Class A.

The Company does not contemplate the present creation of any funded debt, but in the future it may obtain additional capital from the sale of additional Common Stock Class A or Common Stock Class B or of preferred stock, Debentures or other securities. The stockholders have no preemptive rights with respect to unissued or additional stock or with respect to any other securities which may be issued by the Company.

DIRECTORATE: The Directors of the Company are:

Mr. Levi B. Davis, Roanoke, Va.
President, Mountain Trust Bank

Albert McC. Mathewson, Esq., New Haven, Conn.
Vice-President, Citizens Bank & Trust Company

Mr. Walter P. Schwabe, Thompsonville, Conn.
President, The Northern Connecticut Power Company
Director, Thompsonville Trust Company

Cortland A. Wilber, Esq., Binghamton, N. Y.
Attorney at Law
Formerly Corporation Counsel, City of Binghamton

William S. Rann, Esq., Buffalo, N. Y.
Rann, Vaughan, Brown & Sturtevant, Esqs., Attorneys at Law
Director, Western New York Title & Mortgage Company

Mr. John Budd Smith, South Orange, N. J.
Secretary, Beneficial Loan Society

Reginald H. Smith, Esq., Boston, Mass.
Managing Partner, Hale & Dorr, Attorneys at Law
Treasurer and Director, Harvard Law School Association
President, Beneficial Loan Society of Boston

Hon. A. Dayton Oliphant, Trenton, N. J.
Oliphant & Mitchell, Esqrs., Attorneys at Law
Director, Trenton Malleable Iron Company

DIVIDENDS: The Company plans to set aside for reserves and the current needs of the business, reasonable amounts out of its earnings before distributing dividends; but it is expected that quarterly dividends will be paid beginning about October 31, 1929. As indicated above, Common Stock Class A and Common Stock Class B will participate equally in dividends. Dividends are free from present Federal normal income tax.

Legal matters in connection with this issue have been passed upon by Messrs. Root, Clark, Buckner, Howland & Ballantine and Mr. Edmund R. Beckwith of New York City.

We offer this stock subject to allotment or prior sale.

Price $29 Per Share

HODSON INVESTMENTS SAFE SINCE 1893

CLARENCE HODSON & COMPANY INC.

165 BROADWAY • *New York* • ESTABLISHED 1893

The foregoing statements have been accepted by us as reliable, but do not constitute representations by us.

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date

	Bid	Asked
Aeolian Co., pfd. (7)	68	75
Aeolian Weber	10	20
Aeolian Weber, pfd. (7)	30	40
Alpha Port. Cement (3)	50	53
Pfd. (7)	116	..
American Book Co. (7)	115	120
American Cigar (8)	135	140
Pfd. (6)	106	..
Amer. Dist. Teleg. (3)	..	100
Do Pfd. (7)	110	113
Amer. Meter Co. (5)	116	119
Atlas Port. Cement (2P)	53	55
Pfd. (2.68)	50	60
Babcock & Wilcox (7)	118	122
Bliss (E. W.) Co., 1st Pfd. (4)	60	..
Cl. B Pfd. (0.60)	20	27
Bohack (H. C.) Co. New (2½)	66	70
1st Pfd. (7)	104	107
Colt Fire Arms (2)	36	38
Congoleum Co. Pfd. (4)	105	108
Continental G. & E.	..	..
Prior Pfd. (7)	102½	104
Crocker-Wheeler Elec.	280	290
Pfd. (7)	101	..
Detroit & Canada Tunnel	6	7
Dixon (Jos.) Crucible (8)	168	172
Fajardo Sugar	82	84
Franklin Rwy. Sup. (4)	61	..
Helme, Geo. W. (4)	105	115
Pfd. (7)	123½	126
Hercules Powder (new)	107	113
Pfd. (7)	117	120

	Bid	Asked
Knox Hat (5P)	225	250
Pr. Pfd. (7)	105	..
Part Pfd. (4)	60	..
Leonard, Fitzpatrick, Mueller (1.5)	24	28
Pfd. (8)	108	113
Ludlow Valve Mfg. (3.75)	45	52
Manhattan Rubber (3)	48	51
Metropolitan Chain Stores:		
New Pfd. (7)	115	119
National Sugar Ref. (2)	40	42
Neisner Bros. Pfd. (7)	197	205
New Eng. Tel. & Tel. (8)	144	146
Phelps Dodge Corp'n (8)	300	320
Remington Arms	37	40
1st Pfd. (7)	96	99
2nd Pfd.	98	..
Royal Baking Powder Pfd. (6)	98	101
Ruberoid Co. (4)	99	101
Savannah Sugar (8)	120	125
Pfd. (7)	112	114
Shaffer Oil & Ref. Pfd. (7)	92	97
Singer Mfg. Co. (10P)	565	585
Singer, Ltd. (¼)	6¼	6½
Superheater Co. (6P)	151	163
Wash. Ry. & Elec. (5)	500	610
Pfd. (5)	97⅛	97½
White Rock 2nd Pfd. (10)	215	..
1st Pfd. (7)	99	102
Woodward Iron (4)	68	72
Pfd. (6)	90	..

ASSOCIATED GAS & ELECTRIC CO.

(Continued from page 1111)

ated Gas and Electric, the subsidiaries of General derive their revenue principally from the sale of electricity. Approximately 85% of the operating companies' income comes from the sale of electric power and light, a percentage somewhat higher than that of the Associated properties which, in 1927, obtained approximately 72.5% from that type of service.

Gains Through Consolidation

In other respects, the position of General Gas & Electric is analagous to that which Associated previously occupied. That is to say, being one of the newer holding companies, still largely in the process of development, inter-company relations and capitalization are rather complicated. Efforts to meet constantly growing demands for service have heretofore taken precedence over steps to consolidate subsidiary company operations and simplify capital structures. However as a result of the recent amalgamation it is probable that these conditions will be more rapidly corrected and gains in respect to consolidated net income as compared with the growth in gross, will henceforth be more rapid in the case of both groups.

Upon completion of the merger, Associated Gas & Electric will control the voting stock of General, represented by its Class B shares. A substantial portion of this Class B stock is understood to be lodged with United Gas Improvement Co. whose subsidiary, the Gas Securities Corp. has a large investment in General Gas & Electric Class A stock. Whether the affiliation of interests between United Gas and Associated which will occur in consequence of the latter's accession to voting control of General Gas & Electric, has more than incidental significance is still problematical.

In any event, the position of the company under review has undoubtedly been materially strengthened by this latest development and the upbuilding of the properties during late years. The equities behind Associated Gas and Electric's junior securities are gradually being enhanced by virtue of the scaling down of fixed charges attending the improvement in its credit status and the steady appreciation of earning power. Moreover, the predominance of electric light and power production as a source of income is a factor operating strongly in favor of stability and consistent expansion, inasmuch as this type of public utility, as well as the manufacture and distri-

bution of gas, is free of the besetting difficulties that have retarded holding companies with substantial investments in the bedeviled street railway industry.

Position of Common Shares

Obviously, a considerable period of further development will be required to place the Class B and common stocks of Associated Gas and Electric upon a stable investment footing, even with due allowance for the ultimate benefits to be derived from the company's investment in General Gas & Electric.

As of June 30, 1928, common stock was outstanding in the amount of 1,275,784 shares and Class B to the amount of 300,000 shares, both of no par value. Net consolidated earnings available for the former, for the twelve months ended last June, were equivalent to 50 cents a share, compared with 44 cents the year before. On Class B, earnings in these periods were $4.33 a share and $5.01 respectively.

These issues were preceded at the date referred to, by 700,000 shares of Class A stock in which the principal market interest is centered. This stock is entitled to non-cumulative dividends up to $2 a share per annum and to equal participating rights, as a class, with the common, after Class B and common have together received dividends equal to the aggregate priority payments on the Class A shares.

Earnings available to Class A were equivalent to $3.52 a share in the year ended June 30, 1928, against $4.59 in 1927, the smaller margin last year being due to an increase of 200,000 shares in the amount outstanding. The preferred stock capitalization standing ahead of Class A consists of several series of equal rank but having varying dividend rates. These issues are now outstanding in small amounts by virtue of retirements through exchanges for Class A stock so that the latter has virtually only the system's 168.38 millions of funded debt preceding it.

Dividends are being paid on Class A stock at the rate of $2.40 a share in cash, including extra participating payments, or 1/40th of a share in Class A stock.

Selling around 60, this issue is attractive chiefly on the basis of its possibilities for participation in the future growth of the system, which, as already inferred, seems likely to continue at a satisfactory rate.

Warrants, formerly attached to the company's 20-year convertible debenture 4½s of 1948, are also available in the N. Y. Curb Market. The holder of each twenty-five of such warrants may purchase 16 shares of Class A stock and 9 shares of common, having a present market value of $35 a share, at a total cost of $1,000 on or before January 2, 1931.

These warrants, currently quoted around 9½, are selling somewhat out of line with the market for the Class A and common stocks on which they are a call, and would seem to possess a moderate degree of speculative merit.

New York Curb Market

IMPORTANT ISSUES

Quotations as of April 10

Name and Dividend	1929 Price Range High	1929 Price Range Low	Recent Price
Aluminum Co. of Amer......	189	146	§160
Aluminum pfd. (6)..........	107	103½	§105¼
Amer. Cyanamid "B" (1.40)	58	55⅛	55½
Amer. Cyanamid pfd. (6)...	106	98	§105
Amer. Gas Elec. (1)‡.......	174	128	139
Amer. Super Power A (1.2)†.	134½	62¼	99⅞
Assoc. Gas Elec. "A" (2¼).	61½	49¼	60
Centrif. Pipe (0.60)*........	13	9	9
Cities Service (1.2)†........	121⅞	88⅛	117
Cities Service Pfd. (6)†.....	98⅝	96⅜	97⅜
Con. Gas of Balt. (3).......	112	88⅛	90
Consolidated Laundries	21	17	18¼
Durant Motors†	20	12½	14⅜
Elec. Bond Share (1)†......	97½	73	75¾
Elect. Investors† (3.50 stk.)	124	77½	93⅛
Ford Motors of Canada (15).	1225	625	1115
Ford Motors, Ltd.	21⅞	15½	19
General Baking*	10⅞	7	7½
General Baking Pfd.*.......	79⅛	67⅞	69¼
Glen Alden Coal (10)†......	139	119¾	130
Gulf Oil (1.5)†..............	167	142⅛	155½
Happiness Candy Stores.....	5⅜	3½	3⅞
Hecla Mining (0.60).........	23⅞	16	18⅜
Hygrade Food Products......	49⅞	34¾	38
International Utilities B.....	22⅞	14½	15⅝
Insur. Securities Inc. (1.40).	32⅞	28⅛	29
Lion Oil Refining (2.25)*....	33½	23⅛	30
Lone Star Gas (2)...........	74⅞	67	68
Metro Chain Stores..........	89	70	§75
Mountain Producers (2.60)†..	22⅞	18½	18⅞
National Fuel Gas (1).......	27½	25¼	25¾
New Mex. & Arizona Land†	9⅜	7¼	7¾
New Jersey Zinc (new).....	87¾	75⅜	85¾
Nipissing Mining (30c)*.....	3¾	2¾	2⅞
Phelps Dodge (8)	88¼	70½	71¼
Pittsburgh & Lake Erie (5).	156⅞	135⅛	139⅛
Salt Creek Producers (3)†...	25⅞	22	22¾
So'east Pwr. & Lt. (1)......	90	71½	74½
So'east Pwr. & Lt. (4)......	47⅞	27⅝	33
Stutz Motors*	34	17⅜	17⅜
Tobacco Products Export†...	3¼	2⅝	2⅝
Transcontinental Air Trans..	30¾	23⅛	25¼
Trans Lux	24	5⅜	14
Tubize Artif. Silk† (10).....	550	365	390
Tung-Sol "A" (1.80)........	35	24⅝	32
United Gas & Improv't (4½)	197½	161⅝	161
U. S. Gypsum (1.60).........	73	56	60⅝
STANDARD OIL STOCKS			
Continental Oil	29	17¼	24⅞
Humble Oil (1.6)†..........	115½	89⅝	107½
International Pet. (.75).....	65½	46⅛	53¼
Ohio Oil (2.75)............	74⅜	64⅛	67
Standard Oil of Ind. (3.5)†..	63	56	59⅜
Vacuum Oil (4)†............	133¾	105½	121⅝

* Listed in the regular way.
† Admitted to unlisted trading privileges.
‡ Application made for full listing.
§ Bid price.

CURB stocks generally moved ahead during the past fortnight although with a certain degree of cautiousness that characterized other security exchanges. Trading volume has been cut down considerably from the high records attained on this exchange a month ago. Enough issues have been easy during some of these duller sessions to give the appearance of considerable irregularity throughout the list during these days.

Goldman Sachs Trading Corp.

With the current interest in investment trust securities, there is an issue on the Curb that is attracting a good deal of speculative or long range investment interest. Although current purchasers of *Goldman Sachs Trading* are not exactly getting in on the "ground floor," the orderly recession which this issue has had from its peak prices established recently are said to be drawing a good deal of buying into this issue of a very substantial character. During the height of the investor interest which was aroused when this company merged with *Financial & Industrial Securities*, the shares reached a peak value of a little more than 120 and are now available a few points over 100.

Although this value is almost twice the price at which these shares were originally offered, the company has materially strengthened its position in the interval, both through favorable market commitments and through the addition to its investment assets and scope of financial operations as the result of the consolidation with the Jonas interests. Through the capital changes that have been effected during this interval, *Goldman Sachs Trading* now has an outstanding capitalization of 5.5 million shares with an authorized capitalization of 10 million shares that will be issued to take advantage of favorable investment opportunities as they arise in the future. At the time of the merger, the company owned assets of between 235 and 240 million dollars which represented control or a voice in the management of financial and industrial corporations with resources aggregating well over a billion dollars.

The current value of the shares falls between these two figures, being about twice the former and about half of the amount of the resources in which it has an active management interest. In view of the fact that the company has not been in operation for a sufficient period to fix the earning power of its shares and is too new to have a "seasoned" value, shareholders should be prepared to disregard intermediate fluctuations entirely. The best appraisal of the ultimate value of this kind of an investment enterprise must rest entirely on the financial capabilities and banking experience of men identified with its management, and this in brief may be stated with no qualification as being of the highest caliber.

Bonds Called for Redemption

Company		Maturity	Amount	Price	Redemption Date
Amalgamated Sugar Co. 1st	7%	1937	$152,000	105	April, 1929
Amer. Commercial Alcohol	6%	1943	$4,000,000	103	April, 1929
Argentine Gov. Conversion Loan of	4½%	1888–89	$562,000	100	April, 1929
Argentine Nation (Gov't of the) ext.	6%	1959	$167,000	100	April, 1929
Bethlehem Steel Cornwall Ore Bks. P. M.	5½%	1941	$112,000	100	May, 1929
Buff, Rochester & P. Ry. Ser. G	4%	1929	E.I.	100	April, 1929
Canada Wire & Cable 1st 10-yr.	7%	1935	E.I.	103	June, 1929
Canadian Car & Fdy. 1st 30-yr.	6%	1939	$3,316,000	110	June, 1929
Canadian Steel F'dries, 1st & coll. Tr.	6%	1936	$1,219,000	110	Sept., 1929
Cincinnati Postal Term. & Realty 1st r. e.	6%	1934	$6,000	102	April, 1929
Citizens Indep. Telephone ref. & ext.	6%	1950	$1,384,000	102	May, 1929
Cleveland Union Term. 1st mtge. Ser. A	5½%	....	$37,000	105	April, 1929
Cleveland Union Term. 1st mtge. Ser. B	5%	....	$83,000	105	April, 1929
Consol. Chem. Industries 15-yr. deb.	6½%	1942	$900,000	103	April, 1929
Consol. Gas Elec. Lt. & Pr. of Balt. 1st Ref. Ser. A	6%	1949	$10,531,000	105	April, 1929
Continental Motors 1st	6½%	1939	$6,215,000	102¼	April, 1929
Cuba Dom. Sugar 1st l. S. F.	7½%	1944	$114,000	110	May, 1929
Denver Gas & Elec. gen.	5%	1949	$56,000	105	May, 1929
Eastern Minn. Pr. 1st Ser. A	5½%	1945	$315,000	105	July, 1929
Eastern Montana Lt. & Pwr.	7%	1942	$75,000	105	May, 1929
Elec. Ry. Equipment sec. eqa. Tr. ctf.	5%	1929	$8,000	100	April, 1929
Equitable Off. Bldg. S/F Deb.	5%	1952	$200,000	100	May, 1929
Galena Signal Oil (Pa.) conv. Deb.	7%	1930	$3,877,000	101	April, 1929
Galena Signal Oil (Tex.) 1st	6%	1933	$1,753,000	105	April, 1929
General Asphalt 15-yr. conv. deb.	6%	1939	$66,000	105	April, 1929
General Refractories 1st Ser. A	6%	1952	$3,678,000	107½	April, 1929
Goodyear Fabric Corp. 1st	6%	1935	$46,000	100	April, 1929
Holland-Amer. Line 25-yr.	6%	1947	$600,000	100	May, 1929
Illinois Elec. Po. 1st mtg. S/F Ser. A.	6%	1943	$3,264,000	103½	April, 1929
Ingersoll-Rand 1st mtg.	5%	1935	E.I.	105	July, 1929
Interstate Utilities 1st	6%	1939	$944,000	105	May, 1929
Jeddo-Highland Coal 1st ln.	6%	1941	$83,000	105	May, 1929
Kelly-Springfield Tire, notes	8%	1931	$5,000,000	110	May, 1929
Kentucky Hydro-Elec. 1st A.	6%	1949	$4,000,000	104	June, 1929
Laclede Gas & Elec. Coll. Tr. Ser. A.	7%	1934	$4,700,000	103	April, 1929
Manhattan Oil of Del. 1st ln. coll. Tr. Ser. A	6%	1931	$2,528,000	101½	April, 1929
Manhattan Oil 1st ln. coll. Tr. Ser. C.	6%	1932	$275,000	102	May, 1929
Missouri-Kan. Pipe L. 1st yr. conv. nts.	6%	1929	E.I.	100	June, 1929
Missouri-Kansas Pipe Line 1st Ser. A.	6½%	1940	$1,500,000	105	June, 1929
Montgomery Lt. & Wat. Pr. 1st consol.	5%	1943	E.I.	105	May, 1929
Montgomery-Ward prop. 1st gold A.	5%	1946	$5,577,000	N.S.	May, 1929
Northern States Pr. conv. notes	6½%	1933	E.I.	102½	May, 1929
Northern States Pr. notes	6½%	1933	$114,000	102½	May, 1929
Pacific Public Serv. Ser. Conv. Notes.	5½%	1930	E.I.	101	May, 1929
Pathe Exchange, Inc., deb.	7%	1937	$79,000	109	May, 1929
People's Lt. & Pr. Conv. Deb. Ser.	6%	1962	E.I.	110	July, 1929
Peru (Rep. of)	5%	1946	$39,000	100	June, 1929
Petroleum Refining 1st mtge.	6%	1933	$1,753,000	105	April, 1929
Rapid Trans. Street Ry. extd.	8%	1941	V.B.	105	April, 1929
Swift & Company 10-yr. notes	5%	1932	$5,000,000	101	April, 1929
Tenn. Copper & Chem. 15-yr. conv. Deb. Ser. A	6%	1941	$25,000	105	April, 1929
Tenn. Copper & Chem. 15-yr. conv. Deb. Ser. A	6%	1941	$1,525,000	105	Oct., 1929
Tide Water Pr. 1st lien & ref. Ser. A.	6%	1942	$6,796,000	107	April, 1929
Tide Water Pr. 1st lien & ref. Ser. B.	5½%	1945		105	April, 1929
United States Smelt. Ref. & Mining 10-yr. nts.	5½%	1935	$8,000,000	104	May, 1929
United States Steel 10-60 pr. S/F	5%	1963	$2,999,000	110	May, 1929
Utilities Bldg.	7%	1944	E.I.	107½	May, 1929
Valvoline Oil Deb.	7%	1937	$33,000	104	May, 1929
Vicksburg, Shreveport & Pac. Ry. ref. & Imp. mtg. Ser. A	6%	1973	$1,845,000	105	May, 1929
Wanamaker, John (Phila.) 1st g.	6%	1932	$10,000,000	100	April, 1929
Western Public Service 1st Mtg. Ser. A	6%	1950	$1,007,000	105	May, 1929

V.B.—Various bonds. V.P.—Various prices. N.S.—Not stated. E.I.—Entire issue.
V.N.—Various notes. E.M.—Entire maturities.

SAVINGS INSTITUTIONS VS. ENDOWMENT INSURANCE

(*Continued from page* 1125)

at all times. In addition they would return a higher amount if converted at the end of the twenty-year period.

In dollars and cents values, therefore, the endowment policy does not make a very favorable showing, compared with other savings mediums on equal terms and with equal "death benefits" thrown in for the same annual charge. This is most accentuated in the "estate values" of the combination savings and life insurance plan. For the single man who has no dependents and who never expects to have any dependents—if there be such an individual—the endowment policy compares quite favorably with the saving banks and other low interest mediums in the amount that it will pay back at maturity. In rebuttal to this one might ask why such a young man would want insurance at all; why not leave insurance out of the matter, devote the whole $410 annual sum for savings exclusively and get $13,000 from the savings bank in twenty years or more in building and loan?

To this, we hear the insurance man answer that the compulsion to make annual premium payments very often represents the difference between actually saving money and not saving anything at all—and we concede the validity of this argument. Thus endowment insurance wins the verdict that it is better than no savings at all. Come to think of it, this is a rather doubtful victory.

COPPER STOCKS REACH CRITICAL PHASE

(*Continued from page* 1121)

tense activity in the first quarter and will probably continue to do so until early in May, at least. The building industry, on the other hand, while still taking large supplies of copper, has experienced a decline in activity resulting from overbuilding in some sections of the country and the postponement of projects awaiting some easing in interest rates. Barring any change in the outlook for these three major industries, it may, therefore, be concluded that by the turn of the year consumption will cease to exceed production. The significance of the fact that copper prices advanced more in a single monthly period than during the entire preceding twelve months is to be found in the rush of forward buying which occurred simultaneously with the sharp reduction in supplies. The sudden alarm shown by consumers was further aggravated by the entry of speculative buyers.

Whether or not the industry itself relishes a situation of that sort, is open to debate, particularly if it has the effect of curtailing the purchase of forward requirements and stimulates the substitution of other metals.

The uncertainty thus injected into the outlook has recently been manifested by a reaction in copper prices to a figure below 20 cents, and present prices may be sustained only for a brief duration of time. The industry, however, has experienced the fruits of co-operation and should continue to show the same spirit in preventing the demise of "the goose that lays the golden eggs." Without overlooking the possibility of a decline in business activity during the last half of the year and a consequent let-up in the demand for copper, the actual fundamental strength of the industry is not, at this time, headed for a drastic reversal.

Earnings At High Levels

The majority of the large copper companies have not as yet issued their complete reports covering operations in the past year but from available data it is possible to draw a number of fairly accurate conclusions. In the case of most of the representative copper companies, earnings will show at least a moderate increase but the results of increased production and higher prices will be given more complete and tangible recognition in earnings for the first six months of the current year. In fact there are likely to be some striking revelations when actual results are obtainable. Investors have already shared in the larger profits through increased dividends, extra payments

San Francisco Stock Exchange

THIS table is published regularly for the convenience of those of our subscribers and readers who are, or may be, interested in leading Pacific Coast securities.

Bank and Public Utility Stocks

	Div. Rate	1929 High	1929 Low	Last Sale Apr. 11, '29
Anglo & London Paris Nat. Bank	$10.00	269½	252½	254⅞
American Company	4.00	151⅞	139½	140¾
Great Western Power Pfd	7.00	107⅛	105	106
Pacific Lighting	3.00	84¾	70	74
Pacific Telephone & Tel, Pfd	6.00	130	121	127
Pacific Gas & Elec	2.00	67⅞	54	55¾
Pacific Gas & Elec. Pfd	1.50	28	26¼	26⅞

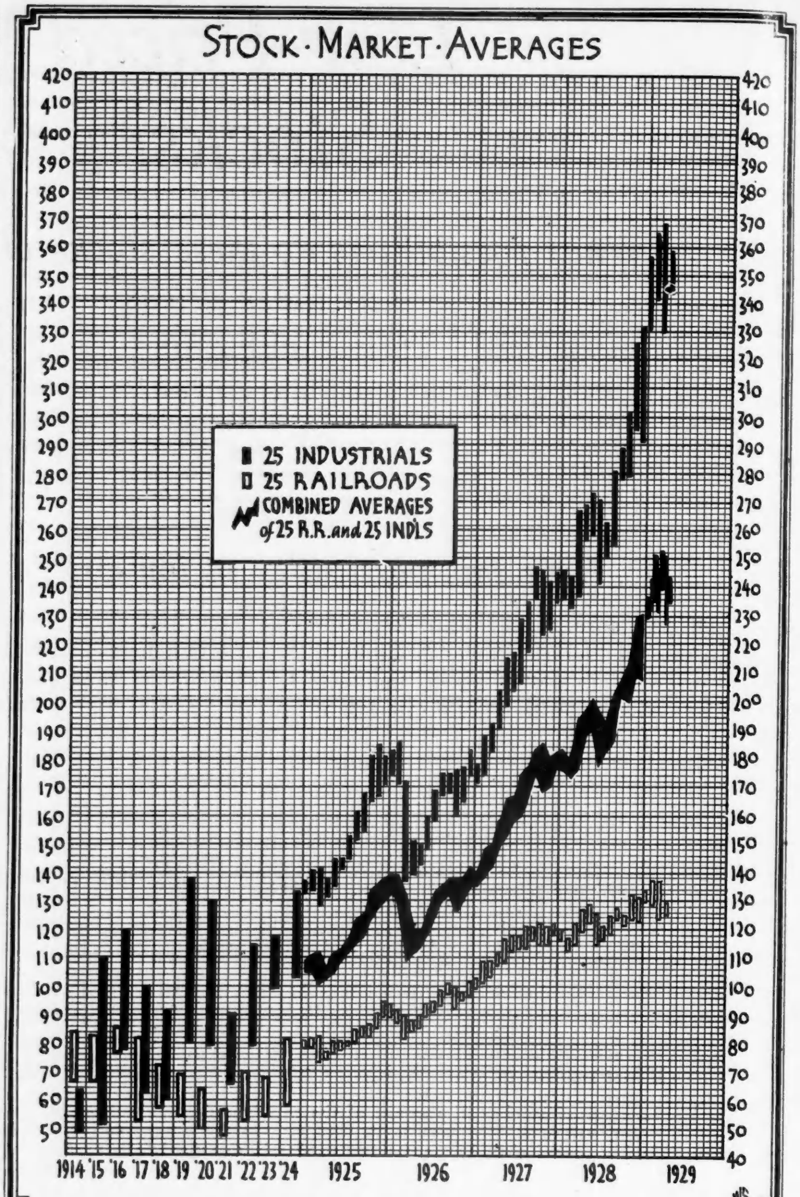
Industrial and Miscellaneous

	Div. Rate	1929 High	1929 Low	Last Sale Apr. 11, '29
Atlas Imperial Diesel Engine "A"	1.50	65½	50	54
Byron Jackson Pump Company	1.60	86⅛	31	32¼
California Packing	4.00	81¼	73	75½
Caterpillar Tractor	3.00	80¾	71	73¾
Clorox Chemical Company	...	50½	38	39
Crown-Zellerbach Corp. cm. vtc	...	25⅛	19¾	19¾
Crown-Zellerbach Corp. 5% Pfd	5.00	96	92	92¾
Dairy Dale Company "A"	1.50	30½	23¼	30⅛
Dairy Dale Company "B"	0.75	26½	17½	24
Firemen's Fund Insurance	5.00	114½	104⅝	108¼
Foster & Kleiser (cm)	1.00	12½	10¼	11
Golden States Milk Prod	1.60	59½	52¼	53
Hale Brothers	2.00	24½	21½	22
Hawaiian Coml. Sugar	3.00	53	50⅛	52½
Hawaiian Pineapple	1.80	64	59	64
Home Fire & Marine	1.60	46½	39½	40
Honolulu Cons. Oil	2.00	40⅞	35¼	39½
Illinois Pacific Glass "A"	2.00	47	35	36
Kolster Radio Corp	...	79½	32	38½
Magnavox Co.	None	13⅛	7	8
North American Oil	3.60	38	20	26½
Oliver United Filters, Inc., "A"	2.00	46	38	39¼
Oliver United Filters, Inc., "B"	...	45	36	36
Paraffine Common	3.00	88½	79¾	82
Richfield Cons. Oil	1.00	48⅞	39¾	42¼
Schlesinger A Common	1.50	21⅛	16¼	17
Shell Union Oil	1.40	31½	26	29⅛
Standard Oil of Calif	2.50	80¾	64⅛	78⅜
Union Oil Associates	1.99	52⅛	47⅞	51¼
Union Oil of California	2.00	52½	46¼	51¼
Yellow & Checker Cab "A"	4.00	53	49⅞	51

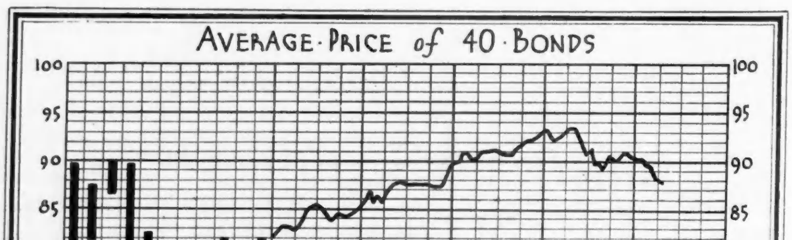
and substantial appreciation in the market value of their holdings.

Copper shares, as a group, have been among the market leaders for some months and are still very much in the limelight but market conditions and the general outlook, as discussed herein, has apparently exerted a retarding influence during the recent past weeks. The shares have attracted a large following among investors and speculators alike but any tendency on the part of producers to shade present copper prices will be taken as a signal indicating that the peak has been passed and heavy liquidation of commitments may follow. This line of conjecture suggests, therefore, that investors now committed to the more speculative copper issues should, as a conservative measure, prepare to strengthen their position by taking advantage of rallies to scale down their holdings.

There is, however, no need for undue concern with respect to the higher grade issues as exemplified by the shares of Anaconda, Calumet & Arizona, Kennecott, Cerro De Pasco and Phelps-Dodge. All of the latter have well defined merit for the long pull and if the possibility of a recession from present quotations would not prove embarrassing, these issues should continue to provide satisfactory investment results. Their purchase, however, could probably be made to somewhat better advantage later on. In the accompanying paragraphs the highlights of the more important companies are briefly discussed.



Market Statistics Figures will be found on opposite page.



STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912.

Of the Magazine of Wall Street, published every other week at New York, N. Y., for April 1, 1929.

State of New York }
County of New York } ss.

Before me, a notary Public in and for the State and County aforesaid, personally appeared Cecelia G. Wyckoff, who have been duly sworn according to law, deposes and says that she is the President of the Ticker Publishing Co., Inc., Publishers of The Magazine of Wall Street and that the following is, to the best of her knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:
Publisher, Ticker Publisher Co., Inc., 42 Broadway, New York City. Editor, None. Managing Editor, None. Assistant Managing Editor, E. Kenneth Burger, 42 Broadway, New York City. Business Managers, None.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern its name and address, as well as those of each individual member, must be given.) Ticker Publishing Co., Inc., 42 Broadway, New York City; Cecelia G. Wyckoff, 42 Broadway, New York City.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages or other securities are: (If there are none so state.) Cecelia G. Wyckoff, 42 Broadway, New York City; Richard D. Wyckoff, Greenwood Lake, New York.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is (This information is required from daily publications only.)

CECELIA G. WYCKOFF,
President

Sworn to and subscribed before me this 27th day of March, 1929.

[Seal] RALPH J. SCHOONMAKER.
Notary Public, Westchester County.

Cert. filed in N. Y. Co. No. 1661 Reg. No. 9151a. (My commission expires March 30th 1929.)

For Help in Solving Your Life Insurance Problems Consult Our Insurance Department.

MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Thursday, March 28	88.25	308.85	150.90	243.85	239.67	5,096,320
Friday, March 29		EXCHANGE	CLOSED			
Saturday, March 30		EXCHANGE	CLOSED			
Monday, April 1	88.03	300.40	148.52	240.08	234.93	4,162,830
Tuesday, April 2	88.04	303.49	149.26	241.53	236.96	3,776,870
Wednesday, April 3	88.00	300.35	148.77	242.43	238.19	3,703,450
Thursday, April 4	87.94	305.37	151.10	243.56	237.88	3,330,060
Friday, April 5	88.01	303.04	150.75	243.58	239.71	3,405,740
Saturday, April 6	88.09	302.81	152.16	241.67	239.02	1,615,090
Monday, April 8	87.74	301.49	150.76	242.31	238.61	2,719,880
Tuesday, April 9	87.63	299.13	149.40	239.05	235.18	3,629,390
Wednesday, April 10	87.69	300.67	149.38	239.90	235.86	3,281,900

Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders equity.

	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share Common	Market Value April 8, 1929, Times Earnings	Dividend Rate
Abraham & Straus	1 year	.14	46	8.31	16.2	—
American Chain Company, Inc.	1928	.02	32	(d)	—	—
American Home Products	1928	.18	ND	4.87	15.6	3
American Machine & Foundry	1928	.07	8	6.56	24.9	4(a)
American Pneumatic Service	1928	.06	ND	(d)	—	—
American Writing Paper	1928	.03	62	(d)	—	—
Archer Daniels Midland Co.	6 mos.	NR	NR	1.03	18.6(g)	2
Beatrice Creamery Company	1928	.11	ND	8.55	9.4	4
Botany Consolidated Mills	1928	(d)	45	(d)	—	—
Burroughs Adding Machine	1928	.22	ND	8.27	35.7	3(a)
Butte & Superior Mining	1928	.02	ND	.28(c)	32.2	2(j)
Canadian General Electric	1928	.04	ND	1.22	13.1	—
Chesebrough Mfg. Company	1928	.27	ND	10.58	14.9	4(a)
City Ice & Fuel	1928	.12	11	4.34	12.6	3.60
City Stores Company	1 year	.10	35	6.38-B	13.5(k)	5(e)
Conde Nast Publications	1928	.28	7	4.43	16.6	2
Copeland Products	1928	NR	NR	1.98-A	8.2	—
Cuneo Press	1928	NR	NR	4.34	9.7	—
Durham Hosiery Mills	1928	.02	13	(d)	—	—
East Butte Copper Mining	1928	NR	NR	.24	20.3	—
Eastman Kodak Company	1928	.18	ND	9.59	18.2	5(a)
Emporium Capwell Corporation	1 year	.11	101	2.94	10.7	2
Equitable Office Building	9 mos.	NR	NR	1.67	15.5(g)	2
Freeport Texas	3 mos.	.05	ND	1.01	11.1(g)	4
General Motors Corporation	1928	.31	ND	6.14	13.7	3
Graham Paige Motors	1928	.06	21	.47	88.3	—
Grand Union Company	1928	.05	NM	1.44	15.6	—
Hartmann Corporation	1928	.04	2	2.06-B	12.0	1.20
Hayes Body Corporation	1928	.17	ND	3.35	15.8	3
Holland Furnace	1928	.13	30	2.81	15.3	2½(a)
Ideal Cement	1928	.11	46	5.11	15.1	3
Indian Refining Company	1928	.03	12	.53	88.0	—
Ingersoll Rand	1928	.18	2	7.86	16.6	3
Inspiration Consolidated Copper	1928	.10	16	2.93(c)	16.9	4
International Cigar Machinery	1928	.13	ND	4.82	21.2	4
International Harvester	1928	.11	ND	5.57	18.5	2½
Kinney (G. R.) Company	1928	.09	17	7.21	9.5	1
Kresge Department Stores	1 year	.05	ND	.91	18.9	—
Lambert Company	1928	NR	ND	8.92	15.7	8
Long Bell Lumber	1928	.03	75	3.26-A	8.6	—
Madison Square Garden	9 mos.	NR	NR	1.02	14.9	1½
Magma Copper	1928	.25	ND	4.78	14.5	5
Mason Valley Mines	1928	.09	ND	.49	3.3	—
Miami Copper	1928	.07	ND	2.46(c)	19.0	4
Mid-Continent Petroleum	1928	.05	ND	2.45	14.0	2
National Dairy Products	1928	.24	74	6.03	15.5	3(a)
National Department Stores	1928	.07	30	2.27	14.7	—
Nevada Consolidated Copper	1928	.17	1	3.13(c)	15.5	3

(Please turn to page 1155)

Recent Reported Earning Position of Leading Companies

(*Continued from page* 1154)

	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share Common	Market Value April 8, 1929, Times Earnings	Dividend Rate
N. Y. & Honduras Rasario Mining	1928	.14	ND	2.85	6.1	1(a)
New York Merchandise Company.	1928	.17	ND	5.12	7.7	2
North Central Texas Oil.........	1928	.07	ND	.74	13.5	.60
Oil Well Supply Company........	1928	.01	ND	(d)	—	—
Panhandle Producing & Refining.	1928	.02	ND	(d)	—	—
Paragon Refining	1928	.09	11	1.70-B	14.2	—
Paramount Famous Lasky.......	1928	.10	16	4.22	14.9	3
Patino Mines & Enterprises......	1928	.17	ND	3.78	10.8	9 shillings
Pittsburgh Screw & Bolt........	1928	.16	30	1.51	16.5	3
Plymouth Oil	1928	NR	NR	1.98	12.9	2
Propper Silk Hosiery...........	6 mos.	NR	NR	2.28	6.3(g)	2
Salt Creek Producers...........	1928	.10	ND	2.22(c)	10.2	3
Schulte Retail Stores	1928	.17	ND	3.34(b)	8.4	3½(a)
Sheaffer (W. A.) Pen Company..	1 year	.26	ND	6.07	8.2	2(a)
Sloss-Sheffield Steel & Iron......	1928	.04	20	6.10	18.6	6
Standard Commercial Tobacco....	1928	NM	ND	(d)	—	2
Standard Investing Company....	1 year	.16	69	5.64	6.8	—
Standard Screw Company........	1928	.10	ND	16.69	7.8	8(a)
Steel Company of Canada........	1928	.08	16	4.92	11.4	2(a)
Tennessee Copper & Chemical....	1928	.08	24	1.54	11.0	1
United Fruit Company..........	3 mos.	.02	ND	1.25(b)	26.8(g)	4(a)
United States Finishing.........	1928	NR	NR	12.34	7.7	5(a)
U. S. Smelt., Refining & Mining.	1928	.07	12	6.82	9.1	3½
Willys Overland	1928	.09	7	2.09	12.5	1.20(a)
Wire Wheel Corporation	1928	NR	NR	1.96	14.1	1
Yellow Truck & Coach Mfg......	1928	(d)	ND	(d)	—	—
Zonite Products Corporation.....	6 mos.	.04	ND	.76	22.9(g)	1

RAILROAD STOCKS

Alabama Great Southern........	1928	.10	44	11.44-PC	13.1	4(a)
Bangor & Aroostook............	1928	.07	152	6.94	9.5	3½
Chesapeake & Ohio.............	1928	.11	107	24.33	9.2	10
Chicago Great Western	1928	NM	39	(d)	—	—
Chicago & Northwestern.........	1928	.05	134	6.62	12.8	4
Cincin., New Orleans & Tex. Pac.	1928	.07	4	40.25	9.9	8(a)
Delaware, Lack. & Western......	1928	.08	NM	7.77	16.4	6(a)
Georgia, Southern & Florida.....	1928	.02	105	1.24	9.7	—
Kansas City Southern...........	1928	.04	88	7.01	12.1	5
N. Y., New Haven & Hartford..	1928	.07	120	8.00	11.4	4
Norfolk & Western	1928	.09	38(i)	21.24	9.2	8
Pennsylvania Railroad	1928	.08	50	7.34	10.2	3½
Pere Marquette	1928	.09	55	16.17	9.3	6(a)
Southern Pacific	1928	.03	63	10.48	12.2	6
Southern Railway	1928	.06	99	12.53	11.6	8

PUBLIC UTILITIES

American Gas & Electric........	1928	.22	60	7.94	17.9	1(a)
American Power & Light........	1928	.07	21	4.05	23.4	1(a)
Consol. Gas, Elec. Lt.—Balt.....	12 mos.	.11	101	5.69	16.0	3
Federal Water Service Corp......	1928	.03	155	2.63-A	19.2	2
Lone Star Gas	1928	NR	NR	3.34	20.6	2
Market Street Railway..........	1928	NM	29	(d)	—	—
Massachusetts Gas Companies....	1928	NR	NR	5.69	27.4	5
Mohawk Hudson Power..........	1928	NR	NR	1.90	27.0	—
New England Public Service....	1928	NR	NR	3.85	19.6	1.80
Philadelphia Electric Company...	1928	.09	109	3.15	26.6	2
Public Serv. Corp. of New Jersey	1928	.08	75	3.28	23.7	2.60
Spring Valley Water Company...	1928	NR	NR	6.74	13.1	6
United Gas Improvement........	1928	.07	77(s)	5.26	31.1	4½
Western Union	1928	.08	38	15.10	12.8	8

(a) And extra. (b) Before taxes. (c) Before depletion. (d) Deficit. (e) Paid in stock. (g) Figured on basis of estimated yearly earnings as indicated by period reported. (i) Including joint mortgage bonds. (j) Capital distribution. (s) Including obligations of subsidiaries. (k) New stock. ND—No funded debt. NR—Not yet reported. NM—Negligible. PC—Combined Preferred and Common.

Statistical Record of Business

	Week Ended April 6, 1929	Week Ended April 13, 1929	Year Ago
Volume Stock Exchange Transactions (shares)	19,993,540	17,501,510	23,632,730
Average Price Magazine of Wall Street Index	162.2	162.2	128.6
Volume Bond Transactions	$50,670,900	$48,098,900	$85,330,,250
Average Price 40 Bonds	88.09-87.94	87.84-87.63	93.50-93.27
Brokers Loans (Federal Reserve)	†$5,562,000,000	‡$5,427,,000,000	$3,994,000,000
Comm'l Loans Federal Reserve Member Banks	$8,965,000,000	$9,065,000,000	$8,917,321,000
Federal Reserve Ratio	71.5	73.8	71.6
Gold Holdings	$2,892,521,000	$2,950,546,000	$2,912,661,000
Rediscount Rate, N. Y.	5%	5%	4%
Debits to Individual Accounts	†$19,293,000,000	‡$16,934,000,000	$13,276,000,000
Call Money	6%	7%	5%
Time Money (90 days)	9%	9%	4⅞-5%
Commercial Paper	5¾%	5¾%	4¼-4½%
Acceptances (90 days)	5⅝-5½%	5⅝-5½%	4-3⅞%
Dun's Business Failures	466	475	418
Weekly Food Index (Bradst's)	$3.44	$3.43	$3.31
	March 1	April 1	Year ago
Wholesale Prices (Bradst's)	$13.00	$12.87	$13.42

Industrial Barometers

	January	February	Year Ago
U. S. Steel Unfilled Tonnage	4,109,487	4,144,341	4,398,189
Steel Ingot Production	4,489,391	4,324,759	4,045,304
Pig Iron Production	3,442,370	3,206,185	2,900,126
Pig Iron Furnaces in Blast	202	207	187
*Copper Production (short tons)	86,325	84,735	67,423
Car loadings	3,570,978	3,767,758	3,590,742
Automobile Production	402,154	466,084	323,796
Building Permits (Bradstreet's)	$208,505,227	$210,209,435	$260,700,532
Petroleum Production (bbls.)	81,979,000	75,693,000	68,059,000
Bituminous Coal Production (net tons)	51,456,000	47,400,000	41,351,000
Cotton Consumption (bales)	668,389	598,098	572,875
Spindles active	30,757,552	31,007,936	31,726,452
Wool Consumption (lbs.)	47,778,818	41,372,716	42,114,183
Railroad Earnings	$77,261,598	$84,770,143	$69,823,186
% on Railroad Property invested	5.59	5.39	4.62

Foreign Trade

	January	February	Year Ago
Merchandise Exports	$491,000,000	$444,000,000	$371,448,000
Merchandise Imports	$371,000,000	$371,000,000	$351,035,000
Gold Exports	$1,378,000	$1,425,000	$25,806,000
Gold Imports	$48,577,000	$26,913,000	$14,686,000

Distributive Trades

	November	December	Year Ago
Mail Order Sales index number 1923-5—100%	176	208	167
Chain Stores Sales index number 1923-5—100%	171	238	216
Dept. Store Sales index number 1923-5—100%	122	187	186

* U. S. Mines. † April 3. ‡ April 10.

TRADE TENDENCIES

(*Continued from page 1132*)

trades (which are the most substantial props for steel making activity at this time) are preparing for an unusually large volume of business. Instead of arriving at their high point in steel needs some six weeks in advance of the great spring selling season in the middle of May, production continues unabated, thus prolonging the strong demands,—for sheet and strip steel, in particular. In addition, railroad equipment orders have been spread out over a longer period of time and farm implement manufacturers have been especially busy. To all of these, and perhaps as a reflection of them, must be added the clearly evident fact that the course of steel manufacturing activity is being levelled from its seasonal crests and troughs to a more gently curving path. Barring any radical changes in business conditions, steel output, on the basis of current orders, will display smaller falling off through the next monthly period than has been evidenced in similar times heretofore.

With prices of steel products at more favorable levels, the first quarter earnings statements of leading manufacturers, which should soon be released, may easily set new records, while half year returns are in line for generous appreciation as well.

Pig iron output for the first quarter established a near-record having been surpassed but once in a like period. The strong demands for steel have maintained operations at iron making plants. Prices for the basic metal are fairly satisfactory, but a decline in activity is no doubt pending incident to the approaching ease in requirements for steel making purposes. Nevertheless, it may be found that in this business too, seasonal influences are no longer as strongly entrenched as has been their wont.

TIRES

Prospect for Better Earnings

Profit possibilities for manufacturers of tires are on a substantially firmer basis than have prevailed heretofore. Sales of original equipment to car makers, as a result of the surprisingly large turnout of autos, have displayed strong expansion, while foreign sales are also mounting steadily. Furthermore, registration of automobiles, near the 25 million mark, afford an unusually wide field for replacement sales, which yield considerably more profit than do sales to car manufacturers. An estimate of shipments so far this year places the total some 16 per cent above the corresponding period in 1928. In addition, raw material costs are

better situated. Crude rubber prices fluctuate between 20 and 25 cents per pound, the narrow range precluding any possibility of such tremendous inventory losses as were suffered by tire makers with large stocks on hand in the price tumble of last spring. Cotton quotations are comparatively reasonable. It is claimed that the lowered tire prices which follow as a result of these economies serve as an incentive for larger tire purchases.

Despite the cheerful aspect of the sales and costs conditions, the meagerness of unit profits on consumer purchases becomes a serious factor unless the individual company occupies a strong position in the distributive field.

Manufacturing centers are working at top speed, but tire production is fast overcoming requirements, and reports have it that the close scrutiny accorded the "supplies on hand" figure may result in retarded activity in coming weeks for several factories. The intense competition which prevails in the trade becomes aggravated to some extent when a large surplus of product must be disposed of, so that the supply-demand situation will bear close watching.

For the future, crude rubber costs are hardly expected to show an extensive change, while the threat of over production in the automotive trades, if it is substantiated, will merely decrease tire sales in the smaller of the fields,—that of new equipment, while the tremendous potentialities of the replacement division will be untarnished. With efficient management and large turnout, the trade in general appears in line for enlarged earnings, and those of the enterprises which are especially favored by some special factors will probably develop returns which will compare surprisingly well with those of 1928.

LEATHER

Oversupply Features Markets

Depression in leather markets finds its source not alone in a somewhat slow movement of footwear, but in severe competition from imitation leather, a large total of imports and overlarge stocks.

The utilization of synthetic leather has increased by leaps and bounds, and has displaced the true material in so many channels that it is no longer considered a usurper, but rather a competitive product. Manufacturers of true leather, as a consequence, have investigated and developed markets which they might not have sought in other circumstances. However, the further research into the manufacture of the artificial product will no doubt make additional inroads upon leather markets in the future.

The question of hide and leather imports is a particularly pertinent one at this time, for tariff changes may be effected at the ensuing session of Congress which may help materially in

settling this sore point in the industry. Shoe manufacturers find it to their advantage to have free importations of hides, while leather producers object strenuously to this state of affairs. Total hide and skin imports increased about 25 per cent last year, the average monthly total having exceeded 42 million pounds.

Leather stocks at the end of January, 1929, were about twice as large as at the end of January last year, the trend having been steadily upwards. Hide stocks showed but a negligible increase during the same period. The problem now is to shrink leather supplies, for, with the prospects for a smaller number of cattle raised this year than last, hides may well be at a premium in later months.

Firmer Hide Prices

Hide prices have displayed gathering firmness of late weeks, a firmness which has not been transmitted to finished leather quotations for the reasons set forth above. And until supplies have evidenced a considerable diminution, little strength will be forthcoming.

The calfskin leathers have witnessed the most consistent demand, while leathers in reptilian effects are also strong. These, however, constitute the speculative branches of the industry, for rapid style changes frequently leave manufacturers with large surpluses of obsolete materials on their hands.

The outlook for principal consuming lines is fairly good; Congressional investigation may possibly be consummated to the advantage of the trade; tanners are doing comparatively little purchasing, so that no additional gains in leather stocks is in contemplation; a more constructive position in regards to the situation appears practical.

INSURANCE DEPARTMENT

(*Continued from page* 1129)

available for your beneficiary in the light *of income.* Assuming that in event of your unexpected death, the usual sickness, doctors, nurses, and other expenses incidental to the last illness of the insured, should absorb about $2,000 of this life insurance, your beneficiary would then be left with policy proceeds in the amount of $4,000 which if paid as income over a period of but ten years would yield a *very* modest income. For instance, if paid by the life company as *monthly income,* the claim coming when the beneficiary was, say, 45, the amount would be about $20 per month.

If you are interested in a policy providing protection for your wife over a long period of years, with the proceeds payable to yourself in event of your living on to old age, we would suggest an Endowment at 65, calling for an annual premium of about $175 for a policy of $5,000, *reducible by annual dividends.*

Obtaining the Low Rate

Insurance Editor:

As a subscriber to your magazine, I would appreciate your advice concerning my insurance problems.

I am 26 years of age, married, have no children and carry the following life insurance with an annual income of approximately $3,200:

$1,000 20-*payment life, taken out* 11 *years ago.*
$2,000 *Ordinary Life Rate Endowment, taken out* 6 *years ago.*
$2,000 *Death Benefits carried by employer.*

I now feel that my present insurance is inadequate and wish to take out additional life insurance as well as health and accident insurance.

As to additional life insurance, I would appreciate your advice as to the approximate amount and kind of contract you would recommend as suitable in my case.

As to health and accident insurance, I would appreciate your advice as to whether or not you would recommend it in my case and if so, the kind of contract, that is, a contract whereby only a stipulated amount will be paid to the insured as a weekly or monthly income during period disabled by reason of ill health or accident; or, a special contract allowing, in addition to the above, a fixed sum for loss of life by accident, or loss of certain members of the body by accident as well as a limited amount to cover medical fees. I would also appreciate your recommendation as to the amount of health and accident insurance in terms of monthly or weekly income payable thereunder. The first two policies mentioned above now in force carry double indemnity and total disability clauses.

Thanking you kindly, I am, yours truly, L. C. P.

I consider it is the wise course to take additional life insurance for the protection of your family now, when you are young enough to get attractively low rates, and, normally, would experience no difficulty in passing the required medical examination.

I would suggest that you consider a policy of at least $5,000 on the 30-Payment Life plan, requiring premiums only over that period of life when income would be rising to its peak, and ceasing at age 56—practically the prime of life. The 30-Payment Life plan calls for premiums but very little in excess of the Ordinary Life—about $3 per $1,000 per annum in excess of that required for the latter plan, when placed in a non-participating company; while the 30-Payment policy has the distinct advantage of a definitely limited premium paying period, with larger cash, loan, and surrender values. If taken with a participating company, it would also have larger dividend reductions than the Ordinary Life policy. This $5,000 policy could with advantage be left to the beneficiary payable *as income*—say over a period of 10 or 15 years. You do not state how the proceeds of your present life insurance protection is carried; but if in a lump sum, then there is all the more a distinct advantage in arranging a certain amount of your life insurance proceeds with a view to obtaining a guaranteed income for your wife in event of your demise.

The Disability provision in your life insurance policies provides for waiver of premiums, and income (usually 1% per month of the face amount of the policy) in event of *total and permanent* disability. You can of course round out your present protection by taking a moderate amount of Health and Accident Insurance, providing in this way for compensation in case of *temporary* disability.

For help in solving your Life Insurance Problems consult our Insurance Department.

AVOIDING SECURITY AIR-POCKETS

(*Continued from page* 1100)

securities on the basis of large earnings.

What transport companies try to do is to pay their way on the established airmail contracts and operate at such a low ratio of cost to gross revenue that their passenger and express business represents a profit. This ideal combination is not easy to evolve and as the basis of the whole thing is the mail contracts the routes between the large centers of population are naturally the plums, and most of these have already been contracted for.

There is another factor that enters into transportation that must receive careful consideration. It is generally known that no company engaged solely in transportation has ever been in a position to report spectacular earnings. There are no reasons to believe that this will not apply as well to those companies engaged solely in the transportation phase of the aviation industry. On the other hand, no such limitations exist in the case of the manufacturing companies and it is entirely conceivable that out of the vast number of organizations in the airplane industry there may sooner or later rise a few great companies of General Motors rank whose earnings and potentialities will offer much broader opportunities for large earnings than would be possible for any strictly transportation company.

Indeed the next logical step in the development of strong units in the aircraft industry is the formation of integrated companies. That is, companies who manufacture planes, engines and accessories, perhaps even operate transportation lines. Thus far in the American industry there has been only one such company formed, and as yet it is too early to judge its success, although everything points toward such combinations as being the most advantageous move that can be made.

The hope of the smaller manufacturing companies, whether they are making motors or planes, is that their organization will fit in somewhere with the consolidation plans of larger units.

There are, of course, dangers as well as advantages in completely integrated companies. For instance, no transport line should be forced to buy one particular type of plane to the exclusion of all others; nor should a plane necessarily always be powered with one type of motor. It is possible that under certain conditions the motor made by some other company would be better than the motor manufactured by the subsidiary of a large holding company. To avoid such obvious handicaps requires vision and judgment on the part of the management, but, of course, these are prerequisites for the success of any industrial enterprise. The aviation industry has its full share of competent,

experienced men who must see the grave dangers ahead, and are undoubtedly doing their best to circumvent them with as few casualties as possible.

The aviation securities market is no place today for the investor, in the true sense of the world. For the man who has capital to spare and upon which he requires no income, the same market holds potentialities of speculative profits. Somewhere among the myriad companies now in existence or in the process of formation must lie half a dozen which one day will develop into the giants of the industry.

The security buyer of today who hopes to share in this development cannot hope to choose them with certainty. He can, however, confine his selection to those issues on which some published information exists, which are well sponsored and whose financial position appears sound. Some of the leading companies of this type are contained in the accompanying table.

BANK STOCKS GO DEMOCRATIC

(*Continued from page 1102*)

the old standard of $100 to $20 or $10 per share, and many others are expected soon to follow the lead. Selling at from $100 to $400 per share the new split-up stocks look cheap in comparison with former prices running up well into the thousands of dollars, and a much broader distribution with greater market stability is secured. Investors having a comparatively limited sum at their disposal are much more likely to buy and hold ten or twenty shares of a stock selling around $100 per share than one or two shares at $1,000 or $2,500, even though their relative interest in the bank and the amount of their dividends remain unchanged.

By distributing its stock more widely the institution wins the active support and cooperation of a very large group of stockholders. When additional capital funds are needed, and capitalizations have recently expanded as often as two or three times a year, there is a larger buying power to absorb the new stock offered. It is said that stockholders' lists have increased in some instances from 100 to 300% in a comparatively short period following a split-up of stock. Just as many commercial corporations and railroads found that a long list of small stockholders was greatly to their advantage in creating a favorable public opinion and in allaying the natural hostility of the man of small means toward "big business," so the great banks are learning the same lesson and are applying the same methods to bring about the desired results. When a large proportion of a bank's depositors and correspondents are also stockholders we have a new and highly desirable form of customer ownership and this trend may be expected to continue and to

increase, with results beneficial to all concerned.

Market Position of Bank Stocks

For the moment these stock split-ups and mergers have so stimulated interest in bank stocks that prices have risen at an unprecedented rate and have reached levels totally unexpected a few months ago. Whether or not current quotations can be maintained without substantial reactions depends upon the many factors which now govern security prices in general, but it is certain that a large new class of investors has been attracted to a permanent interest in bank stocks. This will surely mean a greatly increased volume of buying power ready to cushion any reactions which may appear and will ultimately result in stabilizing prices at higher figures and with the support of a broader and more active market than would have been possible with the former hundred dollar par stocks selling for thousands of dollars per share.

With the present high money rates and the nation-wide business activity and prosperity now in evidence it is certain that bank earnings will reach record figures during the current period. All long term factors appear to point toward continued growth and increased earning power for well-managed metropolitan banks and for permanent holding probably no class of securities is more attractive than the stocks of such institutions.

The recent rapid price gains have undoubtedly brought about considerable undesirable speculation and market prices for bank stocks would almost certainly share the decline with other securities in case of severe and prolonged liquidation. Nevertheless, a new and highly attractive field of investment is being opened widely to the investor of moderate means and substantial profits in well selected bank stocks appear almost certain in the long run.

AMERICAN INTERNATIONAL CORPORATION

(*Continued from page* 1109)

curity, restrictions are in force in regard to the future pledge of any assets or the creation of future funded debt without a prescribed standard of asset strength. The indenture also contains provisions to protect the value of the conversion privilege. The liquidating value of the corporation at present is equivalent to approximately $2,600 per $1,000 debenture, while the market value of the stock following this bond issue is about $63,000,000 at the current price of 64 for the stock.

In view of the proximity of the market price of the common stock to the initial version price, the debentures are in a strategic position from the standpoint of potential profits especially if general market conditions become more stabilized again. Aside from this, the debentures are entirely sound and at their present price of about 102 afford an adequate yield simply on an investment basis. The current yield at this price is about 5.4%. The redemption price is 110 until 1931, a figure in excess of the present market, and consequently entailing no potential disadvantage to present purchasers. In the event of redemption, conversion may be made until ten days prior to the redemption date specified.

The debentures, in providing an indirect equity in the future earnings at a price no greater than a straight investment issue of the same type, constitute a highly desirable opportunity.

READING COMPANY

(*Continued from page* 1113)

per freight car mile in 1928. Undoubtedly, this improvement is due to the company's car repair facilities at Reading, Pa., where modern machinery and labor saving devices are installed. Expenditures on maintenance of way were rather heavy, there being an increase in this item. In 1928, $12,258,471 was reported as compared with $10,778,239 in 1923, a year of heavier traffic. Since then, however, many bridges have been strengthened and 2,748,129 ties replaced. Over 95% of the latter used for renewals in the past two years were treated. Almost 800 miles of road, or over one-third of the reported mileage, was relaid with rail weighing 130 lbs. to the yard. Inasmuch as the three foregoing factors constitute the prime requisites for highly efficient operation it is quite conceivable that this program may be continued, until there is no further justification for any inordinately heavy expenditures on maintenance of way.

Efficient Management

Although transportation expenses decreased from $34,030,945 to $33,019,183 or $1,011,762, it is essential to study the company's operating progress very carefully to appreciate the ability of railroad management from this standpoint. A terminal property with its resultant short haul does not lend itself very readily to highly efficient operation. Moreover, the results reported by Reading are not readily comparable with other carriers, but over a period of years, its progress appears highly satisfactory. Notwithstanding a reduction of 1.83% in gross ton miles since 1923, freight train mileage reflected a proportionately greater decrease, being 15.95% and locomotive mileage showed a still further decline, being 19.8% lower than in 1923. These results were attained through the utilization of heavy motive power and freight cars of greater capacity which permitted the movement of heavier train loads. At the beginning of the period under consideration, Reading owned 679 freight locomotives with an average tractive effort of 46,750 lbs. At the close of 1927, the number of units reported was reduced to 603, a decrease of 11.2%, but the average tractive power per unit was 51,300 lbs. or 9.7% per unit greater.

The average capacity per freight car increased from 48.7 to 51 tons per car. In consequence of this increased capacity of the company's equipment, the average train load increased from 1.680 to 1.961 gross tons or 16.7%. Nor was the foregoing attained at the expense of speed, for the average movement per freight train hour increased from 10.5 to 11.1 miles or 5.7%. Train hours which reflected the principal cost of train operation, namely, wages and fuel, decreased 20.2%. Coal consumption decreased from 184 lbs. to 147 lbs. per one thousand gross ton miles. The unit of operating efficiency, gross ton miles per freight train hour, rose from 16,466 to 21,833 or 26.3%.

While these results have enabled Reading to maintain its earning power in the face of declining traffic, their importance will become more manifest when gross revenues increase, for the greatest proportion thereof can be carried to net income eventually. The latter fluctuates considerably, as is apparent on examining the table on revenue statistics. Although net for the period totaled 104.78 million dollars, 51.4 millions or less than half was reinvested in the property. Reading reports a substantial amount of non-operating income which since 1923 totaled 33.5 million dollars or an average of 5.6 millions annually. Most of the non-operating income reported is dividends received from subsidiaries. The largest amount received in 1928, $1,740,000, was from the Central Railroad of New Jersey, in which Reading holds a controlling interest.

Investment in road and equipment totaled 294.5 millions at the close of 1928. The company reported stock investments of $49,921,447. These had a par value of $42,021,870 of which the Central Railroad of New Jersey shares constituted $14,500,000.

Some undervaluation of these holdings is apparent, when their market value of approximately $300.00 per share is taken into consideration. The 145,000 shares of Central Railroad of New Jersey are currently worth 43.5 million dollars alone. Bonds held for investment as of December 31, 1926, totaled $25,132,647 as against a par value of $34,748,611. Financially the company was well situated. Current assets were $21,300,127 and current liabilities $12,879,483. Included in the former was cash and other liquid items amounting to $6,090,149.

Favorable Capital Set-Up

The capital structure is very well balanced. Funded debt totaled $119,122,678 and included $4,805,000 of equipment trust obligations. Bonds comprised 46% of the capitalization.

(*Please turn to page* 1162)

what results do you EXPECT *from your investment capital?*

..and, what do you actually get?

MEN vary in their ideas as to what their investments should produce. One is concerned entirely with safety . . . bonds and 4% to 5%, which is safe but extremely slow. Another likes to take a "flyer" . . . with 50% to 1000% in prospect, which nearly *always* results in disastrous losses. The largest number strive for what seems to be the happy medium. But the number that actually achieve this goal of *safety and an adequate return* is relatively small.

In the operation of your business would you depend on the more or less casual advice of friends, on items you read in the papers, on gossip and tips, as a basis for your business policy? You know if you did, that profits would soon turn to losses. It is even more unsound to invest at random, yet thousands upon thousands are trying it.

Men who know

The first requirement for successful business operation is *men who know the business*. The first requirement for successful investment is *men who know investments*. If there is any source from which you can get this knowledge, you obviously should avail yourself of it. Consider Brookmire Service in this light. Ask *any* Brookmire client, ask your bank, ask any prominent economist about Brookmire. Apply any test you like to learn about the Brookmire record over the past quarter century. If you can, stop at our head office in New York City. There you will find open for inspection our record of recommendations over so long a period of time that they are absolutely conclusive. Nothing is left to the imagination. You can judge the value of Brookmire Service from the results it has produced.

A Definition

The Brookmire Service is an organization devoted to investment counsel. It is purely advisory. Its record covers over a quarter century of success. Its purpose is to provide investors with specific advice to the end that their capital may be kept *safe* and *fully* productive.

It does not execute orders, nor disturb existing banking or brokerage relationships.

Does this purpose interest you?

The sole objective of this Service is *safety plus a better-than-average return*. Our entire facilities are directed first, toward enabling clients to keep their principal intact, and, second, to increase it more rapidly than would otherwise be possible. You can accomplish this, because Brookmire Service is not simply a statistical organization providing only information about past happenings. This data we have; it is used by us constantly as *one* of the factors by which our recommendations are determined, but clients are not submerged by this material and left to form their own opinions from a mass of undigested facts.

The function of this organization is, as we see it, to do this *for* our clients, using every method to check and recheck as to the soundness of each individual recommendation before *our* decision is made. Then, and then only, after the most thoroughgoing investigation, do we advise as to the purchase or sale of securities, stating for your information the reasons behind the advice.

Do you want to "get rich quick"?

We have ready for your inspection a description of Brookmire Service. Its history, record, equipment and methods are available either through a personal call if you can stop in at any one of our offices, or through the coupon Before taking any action, however, a further definition of Brookmire Service should be considered now. We have nothing to offer the man who wants to "get rich quick", we make no attempt to advise as to the highly speculative "in and out" trading, for no way has yet been devised (nor do we believe it can be) to gauge accurately short swings and minor fluctuations in security prices. Lastly, we require that clients have a minimum investment capital of $5,000, for with a smaller amount they cannot gain full value from the Service.

If you appreciate the tremendous odds against success through speculation, if you want to build up your capital steadily, *with safety* and *without worry*, and if you have available funds sufficient to enable you to profit by our recommendations:—then, there is something here that you cannot afford *not* to investigate.

Inquiries from West of the Rockies should be addressed to the Brookmire Economic Service, Russ Building, San Francisco, California.

BROOKMIRE ECONOMIC SERVICE, INC.
551 Fifth Ave., New York City

Please send me the material descriptive of your Service. I am interested in your conservative point of view and, in the event I become a client, will not expect wired advice for a "quick turnover" or other highly speculative data.

XXM-U2

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(*Continued from page* 1160)

Interest on the company's funded debt was outstanding at the annual rate of 4.1%, an exceedingly low figure. Reading is an excellent example of a property that has been built up from earnings, no securities having been sold since 1902. Some equipment obligations were issued during the period of Federal control, but most of these are now held in the company's treasury, and the amount outstanding is being gradually reduced. Stock totaled $140,000,000 and comprised 56% of the capitalization. It is equally divided into common and preferred, but there is outstanding $42,000,000 of first preferred and $28,000,000 of second preferred. Both issues are entitled to receive $4.00 per share annually. All of the company's stocks have a par value of $50.00. Two shares of the second preferred stock are convertible into one share each of common and preferred. Dividends on both of the preferred issues have been earned by a very wide margin of safety and have been paid without interruption since 1903. Payments on the common stock have been made uninterruptedly since 1905, the present rate being $4.00 per share annually. Earnings on the junior equity during the period under consideration have been as follows:

Year	Earned per Share Common Stock
1923	$9.15
1924	8.80
1925	10.26
1926	11.24
1927	7.64
1928	8.78

The common stock of Reading has an exceptionally high equity value. It is equal to $126.00 per share, but since the stock is of $50.00 par value, it compares very favorably with stocks of $100.00 par value. If the undisclosed equity, as a result of marking up the value of the Central Railroad of New Jersey shares to their current market quotation is added, an increase of $15.00 per share additional is reflected. The stock of Reading holds a unique as well as a strong position in that it is a marginal equity. Approximately $189,000,000 of senior securities are ahead of the common, the former bearing charges at the rate of 4.05% annually. Hence, any increase of consequence in gross revenues results in high earnings per share on the common stock. Likewise, because of the low fixed charges, earnings on the common do not reflect inordinately large decreases per share when revenues decline. The foregoing considerations, therefore, as well as Reading's strong treasury position and high operating efficiency, make the stock attractive as a long term investment, irrespective of mergers. With regard to the latter, Reading's shareholders are in a strong position to secure fair treatment in any consolidation plans. Obviously, the stock appears undervalued at current quotation of 106, notwithstanding the low yield.

ANSWERS TO INQUIRIES

(*Continued from page* 1130)

prices prevailing last year, with some improvement in the fertilizer industry contributing to an encouraging gain in net income. Profits in the full 1928 year were equal to $1.45 a share on 843,071 shares against 51 cents a share on 794,626 shares in 1927. There is as yet an absence of definite indications of a sustained improvement in the fertilizer industry, which serves to create some uncertainty regarding the company's immediate outlook, but with promise of copper metal prices being well maintained in coming months, earnings should hold up. Prior charges recently have been increased through the sale of approximately $3,360,000 new 6% convertible debenture bonds, the proceeds of which are to be used to reimburse the company for expenditures already made and to provide for further improvements and expansion of facilities, which may be expected to enhance future earning power. Current financial position is strong, we are optimistic regarding the longer term future of the enterprise, and while the shares are speculative in character, if you are willing to assume some degree of risk, retention seems justified for eventual price appreciation.

HUPP MOTOR CAR

Have you any figures to show how Hupp is making out this year? The market action of the stock seems weak to me. I have 100 shares at 82 and another 100 at 68 but shall sell if you think the stock is going to lower levels. Will the development of the Chandler line retard Hupp's progress during the next few months?—C. E. R., Columbia, S. C.

Hupp Motor Car has long been regarded as one of the most successful producers of medium priced passenger automobiles, and while sales last year were somewhat restricted by the lack of adequate production capacity, shipments for the full year were of record proportions, amounting to 65,857 cars against 41,160 cars in 1927, which, together with a substantially increased margin of profit per unit, resulted in net income equal to $8.12 a share against only $2.70 a share in 1927. Shipments in March this year aggregated 4,316 cars compared with 4,161 cars in February, 1929, and 8,034 in March, 1928, the latter being a record by a wide margin. During the eight months from August 1st, 1928, to March 31st, 1929, shipments totalled 34,591 cars compared with 33,194 in the same period of the preceding year. Acquisition of Chandler-Cleveland Motors Corp. with the latter's excellent up-to-date plant, located at Cleveland, gives Hupp factory capacity needed to step up production to the required volume, as well as the support of important new banking interests. Meantime, financial position is strong, the company's cars are favorably priced to meet competition, dealer stocks are small and, on the whole, 1929 bids fair to be another successful year. Annual dividends of $2 a share in cash plus 10% in stock provide a liberal income yield, and under reasonably favorable general stock market conditions the stock, on its own merit, would doubtless sell higher. We counsel retention.

ASSOCIATED DRY GOODS

Would you recommend selling Associated Dry Goods common at its current price of 55 taking a loss of $650 on 50 shares bought in January? I have in mind getting it back lower early this fall in time for the upward move which department store stocks usually seem to have before the Christmas season.—R. D. B., Bellingham, Wash.

Associated Dry Goods Corp. functions as a holding company with a chain of eight department stores, three in New York City, and one each in Buffalo, Newark, Louisville, Baltimore and Minneapolis. The company holds 100% ownership of all stores, except that of Lord & Taylor, New York, the leading unit and likewise the most profitable, in which latter it has an 88% interest. Total sales are not published, but consolidated net income in 1928, as reported, was equal to $3.49 a common share against $4.30 a share in 1927. However, earnings over a longer term of years have shown marked stability, the enterprise is firmly established and soundly financed, and long range prospects seem wholly constructive. Net assets of the company are carried at a conservative book value, and rumors have been current, from time to time, of the possibility that surplus, standing at about $15,000,000 at the end of 1928 eventually will be distributed, at least in part, as an extra stock or cash dividend on the close to 600,000 shares common outstanding. At any rate, we believe that where patience is employed and your present holdings are retained for the longer pull, the results achieved should warrant holding rather than effect a sacrifice sale at this time.

THE WESTINGHOUSE ELECTRIC & MFG. CO.

On the advice of my broker, who said it would go up to 200 within the next few months, I recently bought 50 shares of Westinghouse at 165. I now have a loss of 15 points on each share. Would you advise holding for recovery and substantial price appreciation considering the irregular trend of the market?—V. E. L., Galesburg, Ill.

The investor is fully justified in employing a portion of his funds in sound common stock issues but he must be prepared for fluctuations in the market values of the chosen media. Common stocks, regardless of their intrinsic merit, will always reflect the trend of speculative thought as reflected in day-to-day movements. All other things being equal, however, temporary fluctuations may be disregarded by those investors who have the judgment to select issues enjoying the fundamental strength of Westinghouse Electric & Mfg. Co. The company, as you may know, is the second largest manufacturer of a diversified line of electrical equipment ranging

from gigantic steam turbine-generating units down to small radio parts and household appliances. It is also one of the largest stockholders of the Radio Corp. of America which should produce substantial returns with the passage of time. Westinghouse is prominently identified with all the latest developments in the industry including television, combination oil and electric locomotives and commercial broadcasting. Earnings, over a long term of years, have shown remarkable stability with the trend definitely upward in recent years. Of considerable importance is the fact that the margin of profit in the year ended December 31, 1928 registered a pronounced gain and earnings as applied to the combined preferred and common stock were equal to $8.78 per share, contrasting favorably with $6.60 per share in the fiscal year ended March 31, 1928. Funded debt has been entirely eliminated and with earnings averaging about $6.50 per share during the past five years an upward revision in the present $4 dividend appears to be a logical expectation. The shares, in our opinion, have well defined merit for the longer pull and the investment results achieved should prove wholly satisfactory to those investors endowed with reasonable patience.

THE S. S. KRESGE COMPANY

What do you think of the nearby possibilities for further price appreciation in S. S. Kresge common in view of the 50% stock dividend declared recently. I bought 20 shares last December at 78½. Shall I sell now and take a small loss?—C. B. R., Newport, R. I.

Maintaining the upward trend in sales and earnings which has been evidence for the past ten years, 1928 was the most profitable year in the history of the S. S. Kresge Co. Total sales were approximately $147,350,000 and net income amounted to $15,642,853 or an actual gain of 10% and 12% respectively over 1927 results. Computed on the basis of the outstanding common stock, profits last year were equal to $4.21 per share whereas in 1927 they were equal to $3.76 per share. A conservative dividend policy has been followed by the company with the result that surplus account has been steadily enlarging, culminating in the payment of a 50% stock dividend on March first of this year. With the close of the past year a total of about 500 stores was in operation throughout the country and it is our understanding that from 60 to 75 additional units will be placed in operation during 1929. A pronounced degree of operating efficiency is indicated by an inventory turnover of more than nine times last year and a margin of profit equal to 10.6% of total sales. Yielding less than 3½% on the basis of the present dividend of $1.60, it is quite obvious that the shares are relatively unattractive for income, but if the latter is not of prime importance, there is every reason to believe that retention over a reasonable period of time will produce gradual enhancement in the market

value of commitments. Further stock disbursements or an increase in the cash rate is also likely.

THE AMERICAN WATER WORKS & ELECTRIC CO., INC.

In July 1928, following your recommendation, I bought 100 shares of American Water Works & Electric common at a cost of about $55 a share. I am well satisfied with the yield in cash and semi-annual stock dividends, but am thinking of taking the profit of $2,700 which I now have. Will you please let me have your advice? What are the merger prospects of this company?—M. M. K., Sheboygan, Wis.

The latest available report of the American Water Works & Electric Co., covers the period of twelve months ending with February 28, 1929, and shows net income totalling $6,539,394 which is equivalent, after all charges and accrued preferred dividends, to $3.64 per share on 1,467,950 shares of common stock. In the preceding twelve months earnings were equivalent to $2.58 per share on a smaller amount of common stock. During the past year a further enlargement in the company's facilities took place and power output was about 7% higher than in 1927. Although the company's largest interest is concentrated in electric power properties, it also controls the largest group of privately owned water supply companies in the country. Capitalization is not burdensome and conservative dividend disbursements have enabled the building-up of a strong financial position. Properties are maintained at a high degree of operating efficiency through adequate depreciation charges and the territory served is one which should provide a steady increase in the demand for electric power and water service. Measured by the ratio of present market quotations to reported earnings, the common stock would seem to be selling at levels which give a rather generous appraisal of the company's prospects and further appreciation of a substantial nature will probably not occur in the near future. As a long pull proposition, however, the shares have unquestionable promise. We are not familiar with any merger developments in the offing which would involve this company.

THE STUDEBAKER CORP.

Is Studebaker stock a "buy" around 85? It looks very attractive to me. The yield is good and I have read that over $2.00 a share was earned during the first quarter of this year. Will the proposed inauguration of dividends on Pierce-Arrow preferred detract from the market prospects of Studebaker stock?—P. H. E., Butler, Pa.

The sales of the Studebaker Corp. were given considerable impetus last year by the introduction of new and improved models and the total number of units sold amounted to 136,205, a gain of nearly 17% over 1927. The gain of over 40% in export sales is of particular note. Earnings were also higher than in the previous year but the improvement was not so marked as in the case of sales, due largely to a complete shut-down for the month of November and part of December while all of the company's activities were being transferred from the Detroit plant and concentrated in South Bend. Net profit was equal to $7.16 per share on 1,875,000 shares of common stock as contrasted with $6.09 per share earned in the preceding year. It is to be pointed out, however, that charges for depreciation and maintenance were nearly $2 million greater than in 1927. Lower prices reduced the margin of profit to 8.8% as compared with 8.9% and 9.2% in 1927 and 1926 respectively. The balance sheet showed the customary strong position. It was recently reported that sales of the company's two leading models in the first quarter of the current year were 60% ahead of the same 1928 period and stocks in dealers' hands were lower than at any time in the past five years. It has been officially estimated that earnings in the first three months were equivalent to $2.30 per share on the common stock. Studebaker's investment in the Pierce-Arrow Motor Car Co. is represented by 230,125 shares of class B stock. The latter issue is preceded by 197,250 shares of class A stock and 80,000 shares of preferred stock and dividends must be paid on both issues before the class B stock will yield any return. It has been intimated, however, that payments on the preferred stock will be inaugurated in the near future. The common stock of Studebaker yields an attractive return which may or may not reflect some uncertainty in the outlook for the general industry. As a business man's speculation, the shares might be given favorable consideration in moderate commitments.

THE SUN OIL CO.

Will you please let me know what you think of the nearby prospects for Sun Oil? Last year I purchased 25 shares at 71, and as yet have not been able to get out even. Shall I keep on holding?—M. A. H., Montgomery, Ala.

The scope of the company's business has undergone rapid expansion during recent years and with the guidance of an able management, Sun Oil Co. should, under reasonably favorable conditions in the industry, continue to report successive increases in earnings. Moreover, the complete integration which has been accomplished should aid it considerably in coping with unfavorable developments which may materialize in a single phase of the industry. The company holds a substantial amount of undeveloped acreage in practically all of the important fields in this country as well as a one million acre concession in Venezuela and production last year registered a sharp gain. Adequate facilities for pipe line and tanker transportation are owned; refining capacity is reported to be about 35,000 barrels daily; marketing organization covers a wide territory and a large sulphur dome is owned which is leased to the Texas Gulf Sulphur Co. Earnings in 1928 were equivalent to $3.64 per share as compared with $2.17 per share in the previous year. The cash dividend of $1.00 per share was augmented last year by an extra payment of 6% in stock and this policy has enabled the company to conserve its cash resources in furtherance of its expansion plans. From a long pull standpoint, the shares would seem to offer attractive possibilities but prevailing quotations appear high enough in relation to reported earnings.

For help in solving your life insurance problems consult our Insurance Department.

MORE ABOUT THE CONVERTIBLE BOND PLAN THAT PRODUCED $35,000

(*Continued from page* 1127)

drastic decline—quoted now around 60. Of the others, only two are under 90, 72 and 85 to be exact. This is an excellent showing. Only three out of sixty have fared ill, while of the rest Brooklyn Union Gas convertible 5½'s are about 385; Hartford Electric Light 7's were about 375 at maturity last month; Anaconda convertible 7's were above 250. Andes Copper convertible 7's were over 200 at redemption recently; and Public Service of New Jersey convertible 4½'s are over 180 at present. It is readily apparent that as a whole the convertibles at their poorest have been no worse off than ordinary non-convertible bonds.

It is well to remember that a relatively small issue of convertible bonds is to be preferred over a large issue. The latter, in case the conversion privilege becomes of value, may cause large numbers of new common shares received by holders of converted bonds to be thrown onto the market, with a tendency to depress the price of the common. A small issue, on the other hand, may be converted without greatly diluting the existing common stock.

One of the many advantages of convertible bonds is that they are more acceptable by banks as collateral for loans than common stocks. Recognizing the inherent stability of well chosen convertibles, the wise investor should take full advantage of the principle of "Trading on your equity." Most commercial banks will gladly lend up to 75% of the market value of a good bond. In this way one can carry several bonds, instead of a single bond, with the same equity. Not only will the bond interest well pay all the bank's carrying charges for the loan, but the bond can be tucked away for several years with the realization that should the company prosper, you have an excellent chance of sharing in the company's growth. On the other hand, should the purchase have been an unwise one, you do not have to share the vicissitudes of the common stockholder, but you at least sit in as a preferred creditor.

HOW MUCH CORPORATE PROSPERITY IS INDEPENDENT OF THE INDUSTRY?

(*Continued from page* 1105)

has been borne out in the development of the tremendous nitrogen project at Hopewell, Va., which will cost about $125,000,000 when completed and which will be financed out of earnings and reserves.

A unique situation is presented by E. I. Du Pont De Nemours & Company in its ownership, indirectly, of 22.94% of the common stock of General Motors Corporation. This investment earned for Du Pont $37,929,328 or approximately 57% of the total earnings reported last year. International Match Corporation is also unique in that not only does it have large security investments, but also has made large advances to foreign governments. The two items together were equal to about 88% of the net worth of the company.

Operating Companies Change Status

Several notable instances have come to the fore in recent years where a company originally started as an operating company or a holding company controlling operating companies but later abandoned these activities entirely and became a bona-fide investment company. Several of the express companies have undergone this change. Adams Express Company, one of the pioneers in the express business, ceased operations in 1918 when it relinquished its activities to the American Railway Express Company, receiving stock of this latter company in exchange, and which constituted its chief holding. It has since acted as a holding and investment company only. Recently, American Railway Express Company also disposed of its express business, for cash, to the new corporation formed by the railroads. With this amount paid, American Railway Express Company's cash and equivalents reached approximately $42,000,000 or close to $120 a share. No definite plans have been reached for the future, but it is intimated that cash holdings will be invested in some form and not distributed to stockholders.

American International Corporation is another instance where a corporation has changed its status to a purely investment corporation. Organized in 1915 to acquire controlling interest in companies operating chiefly in domestic and foreign import and export trade, the corporation fared badly during the post war deflation period, but in 1923 the new interests that came into the concern adopted the policy to dispose of all unprofitable holdings and operate chiefly along the lines of an investment trust. The corporation has been remarkably successful in this undertaking.

The acquisition by corporations of large liquid reserves in the form of cash, call loans and marketable securities is the attribute of a period of prosperity and partly of the ease with which corporations could raise money in the market through the flotation of securities, chiefly common stock in recent times. While many corporations, particularly the larger and stronger ones, find themselves thus well heeled, the condition is, of course, not true of a numerical majority of concerns in business. There have been some corporations who for many years have had large investment portfolios and liquid resources, but the condition is comparatively recent for most of the corporations who are in this position at the present time. As long as corporations can earn a good return on their money in the call money market, backed by excellent security, it is probable that they will continue to place funds there, particularly after their experience in the past year or so.

The question arises whether this development will continue further, and in attempting to determine this it is necessary to fall back on some of the fundamental economics of the situation.

According to a well known economist, the original fountain and source of the great volume of free funds in the hands of not only commercial corporations, but individuals, investment trusts, and others as well, has been the expansion of bank credit which has taken place in this country in the last few years. If this period of rapid credit expansion is over, as some well informed authorities believe, inasmuch as the Federal Reserve authorities are no longer pursuing an easy money policy, the volume of liquid funds will ultimately diminish rather than grow.

Business corporations will gradually tend to use their excess of liquid funds. They have maturities of existing obligations to meet which they would refund in an easy money market, but which they would pay off in the face of firm money rates. It is probable, too, that corporations have issued securities or accumulated huge liquid reserves, not merely for indefinite contingencies, but rather with a view to very definite purposes in the future. That is, they got their money when it was easy to get, but with the idea of using it at some later time.

So far as outside investments and excessive cash resources are concerned, therefore, the long run tendency will probably be for these to be reduced to more normal proportions, unless there is a continuation of credit expansion. In the meantime, many corporations are earning substantial amounts on these resources, providing in a measure a diversification of the source of earnings for the corporations so situated and in many cases going a considerable way toward paying dividends to the stockholders.

125,000 Units

Each Unit Consists of One Share Convertible Preference Stock (no par value) and One-half Share of Common Stock (no par value)

Foremost Dairy Products

Incorporated

Cumulative Dividends on the Convertible Preference Stock payable quarterly on the first day of January, April, July and October at the rate of $1.60 per share per annum. Dividends cumulative from April 1, 1929. Preferred as to assets in liquidation, dissolution or winding up to the amount of $27.50 per share on or prior to April 1, 1934, and to $25.00 per share after April 1, 1934, plus in either case unpaid and accrued cumulative dividends. Convertible into Common Stock, share for share, at any time on or prior to April 1, 1934, or earlier redemption, as the case may be. Redeemable as a whole or in part upon at least sixty days' notice at $27.50 per share on or prior to April 1, 1934, and at $25.00 per share after April 1, 1934, plus, in either case, unpaid and accrued cumulative dividends. Non-voting unless eight quarterly dividends are in arrears.

Transfer Offices:
GUARANTY TRUST COMPANY, NEW YORK
CENTRAL TRUST CO. OF ILLINOIS

Registrars:
NATIONAL CITY BANK OF NEW YORK
CONTINENTAL ILLINOIS BANK AND TRUST CO.

The following has been summarized from a letter from Dr. Burdette G. Lewis, President of the Company, to the Bankers:

BUSINESS AND TERRITORY: The Foremost Dairy Products, Incorporated, will acquire the business and properties, either directly or through stock ownership, of certain outstanding companies engaged in the milk, ice cream and/or butter business in the states of Alabama, Georgia, Florida, and South Carolina.

The more important cities served by such properties are Birmingham, Alabama; Atlanta, Augusta, Savannah, Macon and Columbus, Georgia; Jacksonville and Tampa, Florida; and Columbia and Spartanburg, South Carolina. These growing cities and their urban territories comprise some of the most progressive sections of the Southeast which is steadily attaining increased recognition as an industrial center, in addition to its established importance in agriculture.

CAPITALIZATION
(After giving effect to present financing)

	Authorized	To be presently Outstanding
Purchase Money Obligations and Bonds Assumed		$1,473,250
Convertible Preference Stock (no par value)	500,000 shs.	125,000 shs.
Common Stock (no par value)	1,000,000 shs.*	250,000 shs.

*125,000 shares reserved for conversion of Convertible Preference Stock to be presently issued.

SECURITY: The physical properties to be acquired by the Company have recently been appraised by Messrs. Day & Zimmermann as having a sound depreciated value of $3,459,255 and the same engineers report that the plants, which are of modern design and adequate for liberal expansion of the business, are well maintained and in excellent operating condition. The projected balance sheet of the Company shows net assets of approximately $34.00 for each share of Convertible Preference Stock to be presently outstanding.

EARNINGS: The combined net earnings available for dividends for the three years ended December 31, 1928, of properties to be acquired by Foremost Dairy Products, Incorporated (statement certified by Haskins & Sells, adjusted by the management to reflect: (A) depreciation as established by Day & Zimmermann, Inc.; (B) elimination of portion, averaging $153,874.40 annually, of owners' salaries regarded as profit withdrawals; (C) non-recurring charges averaging $125,000; (D) interest on obligations to be outstanding in lieu of interest paid and (E) income tax at current rate of 12%), were as follows: 1926—$446,300.59; 1927—$440,103.14; 1928—$450,568.40.

As shown above, the balance available for dividends on the Convertible Preference Stock to be presently outstanding, after all charges for the year ended December 31, 1928, was approximately 2.25 times the annual dividend requirements on such Convertible Preference Stock. The average balance for the three years ended December 31, 1928, available for dividends on the Convertible Preference Stock to be presently outstanding was 2.22 times the dividend requirements.

Earnings, as shown above, after deduction of the dividend requirements on the Convertible Preference Stock are equivalent, for the year ended December 31, 1928, to approximately $1.00 per share on the 250,000 shares of common stock to be presently outstanding, and for the three years averaged $.97 per share.

PURPOSE OF ISSUE: The shares of Convertible Preference Stock and Common Stock to be presently outstanding will be issued in connection with the acquisition of the properties to be presently acquired by the Company.

MANAGEMENT: The Company has as Chairman of the Board, Mr. J. C. Penney, founder and present chairman of the board of the J. C. Penney Company, which operates more than 1,000 stores in 46 states. Associated with him on the board of directors is Mr. Ralph W. Gwinn, vice president of the J. C. Penney-Gwinn Company, which owns and operates extensive business and agricultural interests in Florida, including 120,000 acres of land.

Dr. Burdette G. Lewis, who will have executive charge of the company as President, is a nationally known business administrator, thoroughly familiar with the economics, trade practices and modern merchandising methods of the dairy and dairy products industry.

Mr. Hugo J. Larsen, Vice President, who will be in direct charge of operations, has had long, successful experience as an executive in the production and marketing of milk and allied products. Mr. George Sancken, Vice President and Mr. Arthur L. Lund, Treasurer, likewise have attained prominence as successful executives in this industry. In most cases, the men who have developed the predecessor companies will continue with the Company.

Legal matters in connection with this issue (excepting title) will be passed upon by Messrs. Gwinn & Pell, of New York, for the Company and Messrs. Pam & Hurd, of Chicago, for the Bankers; titles will be passed upon by Messrs. Kay, Adams, Ragland and Kurz, Jacksonville, Florida; audits by Haskins & Sells; engineering reports by Day & Zimmermann, Inc.

This stock is offered when, as and if issued and received by us and subject to approval of Counsel. It is expected that temporary certificates of the Company will be ready for delivery on or about April 23, 1929.

Application will be made to list these shares on the New York Curb Market

Price: $29 Per Unit and Accrued Dividend

GEORGE M. FORMAN & CO. **MOORE, LEONARD & LYNCH**

The statements contained herein have been obtained from sources deemed reliable, but are not guaranteed by us.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

THE PARTIAL PEYMENT

method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old stablishd New York Stock Exchange House. (224).

ODD LOTS

A well-known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

"BUILDING A LARGER INCOME WITH SAFETY"

A 36-year old investment house has issued this booklet containing practical information on how to obtain the five cardinal qualities of safe and profitable investment. (285).

THE BACHE REVIEW

By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for three months without charge. (290).

THE KNACK OF CORRALLING DOLLARS

is the title of an instructive booklet issued by The Prudence Company, Inc. It points the way to financial independence through the accumulation of guaranteed Prudence-Bonds. Among other things, it shows how they may be purchased through monthly payments of $10 or more, the investor receiving 5½% interest on his payments. A copy of this interesting booklet will be sent to you without obligation upon request. (316).

FOR INCOME BUILDERS

This booklet describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent, independent income may be built through the systematic investing of small sums set aside from current earnings. (318).

HOW TO BUILD AN INDEPENDENT INCOME

is the title of a new booklet (1929 edition), issued by a prominent first mortgage real estate bond house having a record of 56 years of investment service. This booklet explains conclusively how people of moderate means may obtain financial prosperity. (326).

MAKING PROFITS IN SECURITIES

Are you profiting by the major and also the minor swings of the market? If not, you will be interested in the above booklet issued by a leading financial service in New York City. (377).

THE STORY OF INSURANSHARES TRUST CERTIFICATES

This booklet, issued by an investment trust house issuing securities backed by the shares of prominent insurance companies only, will be forwarded to you without charge. (396).

CONSISTENT INVESTMENT SUCCESS

The sound investment principles followed by the Brookmire Service and the adaptability of these principles to the requirements of every investor, large or small, is described briefly in this interesting booklet. (418).

MAKING MONEY IN STOCKS

If you are interested in the stock market you will enjoy reading the recent book published by the Investment Research Bureau. It describes in detail the Bureau's Financial Service, and will be mailed to you free upon request together with current stock market and special reports. (425).

WHEN EXPERTS DISAGREE

The Weighted Average of 35 of America's leading economists and financial organizations used by a leading financial service has proved to be the most accurate guide in determining the probable course of security prices. If interested in the market, you will want to receive a free copy of their report. (435).

INVESTORS' GUIDE

This booklet will lead you to complete investment satisfaction and service wherever you live. Write today for your free copy issued by one of the oldest first mortgage real estate houses. (438).

OUR BUSINESS

The small loan field as a profitable investment is fully described in a booklet issued by the National Cash Credit Association and entitled, "Our Business." A copy will be forwarded without charge upon request. (449).

WEEKLY RESUME

of the market together with specific suggestions is issued by a member of the New York Stock Exchange firm with 39 years' Wall Street experience. Send for your copy today. (451).

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An interesting discussion of this specialized field, together with information about the Course of Training being adopted by scores of leading investment firms for their men. Send for your copy. (470).

CREDIT SERVICE, INC.

The investment features of the 6% Gold Debenture Bonds issued by this Financial Institution will be found in an interesting folder, a complimentary copy of which will be gladly sent to you. (479).

HOW TO INVEST MONEY

is the title of a new booklet published by S. W. Straus & Co. It describes various types of securities and is a valuable guide to every investor. A copy will be sent free on request. (489).

WEEKLY MARKET LETTER

of a prominent member of the New York Stock Exchange will be forwarded without obligation. It will give you a resume of the stock market each week together with investment and speculative suggestions. (491).

MARKET ACTION

is the title of a bulletin issued every week by a large financial service house, which will keep you advised of the opportunities offered with every turn of the market. Send for your complimentary copy today. (493)

INCREASING YOUR INCOME RETURN

The three factors that enter into the stability of a security are indispensability, growth and protection. Public Utility securities having these all-important attributes offer you the ideal investment. The firm of G. L. Ohrstrom will gladly mail you free of charge a copy of their interesting 20-page booklet, "Increasing Your Income Return," which contains some attractive public utility investments sponsored by this well-known house. Ask for 495.

"CORPORATION EARNINGS"

Many factors influence short market swings but for the long pull investor nothing is more important than corporation reports showing earnings on common stocks and the comparison with previous year indicating earning TRENDS. Ask for a free sample of "CORPORATION EARNINGS." (496).

MONEY TALKS

is the title of an interesting leaflet describing 8% quarterly dividends of a conservative, well managed building and loan association. Substantial cash reserves provide availability of investors' funds, and first mortgages on homes establish thorough safeguards and diversification of principal. Write name and address on margin and mail today. Check this number—(497).

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is the title of a booklet issued by a Wall Street house and should be read for the investment suggestions that it carries. A complimentary copy will be gladly sent you on request. (502).

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An interesting booklet, describing thoroughly tested and successful methods employed in profitable stock market trading. Also a unique "One Outstanding Stock" method for the investor with limited funds. (504).

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This booklet presents a graphic answer to this question and offers three interesting plans for systematic savings, including charts and tables, showing accumulated interest on principal by years. Ask for (507).

NOW YOU CAN GET INVESTMENT TRUST SAFETY IN A PROFITABLE INDUSTRY

A single investment spread among the 75 sound companies in the copper industry is advocated with reasons why in this interesting folder, which will be sent without charge. (513).

AVIATION SECURITIES

James C. Willson & Co. have prepared a booklet on Aviation Securities describing Curtiss Aeroplane & Motor Company, Inc., a copy of which will be mailed on request. (514).

A DICTIONARY OF INVESTMENT TERMS

is the title of a very interesting booklet offered free to investors by a leading Chicago bond house dealing principally in public utility bonds and stocks. It defines practically all the terms used in financial literature and contains much other helpful information of interest to investors. (515).

DURHAM DUPLEX RAZOR COMPANY

An analysis of the Class A stock of this company is contained in a market letter issued by Hanson & Hanson. Send for your free copy. (517).

WHY AIRPLANE ENGINE STOCKS SHOULD BE BOUGHT

A comparison of representative airplane engine companies' products, prepared by R. G. Harper & Co., will be gladly mailed on request. (518).

SURETY PROTECTION FOR STOCK MARGINS

The Franklin Surety Co. has originated a new form of bond protecting against loss of your margin account or credit balance if the brokerage house with which you trade becomes bankrupt. Description and particulars on request. (519).

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published semi-monthly by the well-known New York Stock Exchange house will be gladly sent to you on request. It contains besides general comment on the developments in the stock market, specific recommendations of securities. Ask for (521).

GRIGGS INVESTMENT TRUST

An investment opportunity worthy of your investigation which combines maximum safety together with a 9% yield. Send for full information. (522).

Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

A THRIFT PROGRAM THAT EMBRACES MANY INVESTMENT MEDIUMS

(*Continued from page* 1129)

has steadily increased. Insurance stocks of the kind above indicated cannot be too highly recommended. I need not take the space here to cite the reasons for this, but your broker will make it clear.

All the stocks mentioned have been bought outright, for permanent investment, and with the intention of acquiring everything possible through "rights." These form the backbone of my savings.

There has been diversity in my purchases. All of them can readily be sold on the exchange—a feature which I consider desirable. None of them are of a speculative nature, and yet nearly all have given me valuable "rights," and will continue to. My intention is to keep these stocks, making as few changes as possible, with the idea that they will constitute my permanent investments. Any "rights" under them I would naturally exercise, so my holdings will gradually increase. I will also check them up from time to time to make sure no financial circumstances unfavorable to the stock have occurred.

Another feature of most of my investments should not be overlooked. Insurance companies (fire, life and surety), banks (whether cooperative, national or trust) and telephone companies, are very thoroughly examined and supervised by the different states, thus adding to their safety. It will make no difference in carrying out this program what a person's income may be, as purchases can be made to suit all incomes.

There is nothing spectacular about my plan of investment. It calls for the best common stock of each kind that can be secured. The accretions may be slow, but are sure, and will ultimately give me a competency.

In conclusion, let me summarize my permanent holdings.

- Life insurance.
- Cooperative bank shares.
- Real estate.
- Telephone stock.
- Motor stock.
- Steel stock.
- Bank and trust company stock.
- Fire insurance stock.
- Surety company stock.

I do not claim that these particular stocks are the only safe ones to purchase, merely that for my particular program of investment they have been profitable.

Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

Colorado

7% Guaranteed INTEREST

Short-term Full-paid certificates maturing in five years. Secured by first mortgages on homes in and around Denver, plus a contingent reserve fund and rigid State Supervision

ISSUED IN UNITS OF $50 TO $5,000

Dividends Payable Semi-Annually

Dividends to $300 Exempt From Federal Income Tax

THE BANKERS BUILDING & LOAN ASSOCIATION

1510 GLENARM ST. DENVER, COLO.

Member Colorado State League and United States League of Building & Loan Associations. The Colorado Bankers Association.

Write for Booklet MW

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Kentucky

Invest with Safety in our

7% Paid-Up Stock $102 Per Share

All funds secured by first mortgages on Louisville and Jefferson County real estate.

This Association has always paid withdrawals on demand.

This Association is under the supervision of the State Banking Commissioner.

Resources $6,000,000

Stockholders in thirty states.

Literature and financial statement on request.

GREATER LOUISVILLE SAVINGS & BUILDING ASSOCIATION

Incorporated

Greater Louisville Building, LOUISVILLE, KY.

Tune in on WHAS for Greater Louisville Hour every Saturday 10 P. M. Central Standard Time.

Alabama

8% on Monthly Savings

7% on Fully Paid Certificates

in amounts from $50.00 to $5,000.00 withdrawable on thirty days' notice. Secured by First Mortgages on Homes not to exceed 60% of valuation.

ALABAMA MUTUAL BLDG. & LOAN ASSOCIATION

2004 Third Avenue, Birmingham, Ala.

Under Strict State Supervision

Colorado

GUARANTEED 5 yr Income

on full-paid 6½% Time Certificates.

Secured by select first mortgages on improved city real estate—and backed by Colorado's fastest growing, largest permanent capital Association. Issued any amount, $100 to $10,000. Quarterly or semi-annual interest coupons, payable Chemical National Bank, N. Y., or First National Bank, Denver.

"Silver State" investors live in every state and 11 foreign countries. Our permanent capital guarantees 6½% earnings on Time Certificates for entire 5-year period. Under state supervision.

Folder "C" tells the story.

SILVER STATE BUILDING AND LOAN ASSN.

1648 Welton St. Denver, Colo.

Members: Colorado Bankers Assn., Colorado State and U. S. Building and Loan Leagues.

Texas

We DO pay Hundreds of Investors 7% with absolute SAFETY 8%

Money financing the rapid development of the great Southwest pays liberal returns. Secured by 1st Mortgages under strict State Supervision.

Write Today for Booklet

EQUITABLE BUILDING & LOAN ASSN.

Authorized Capital $10,000,000.

-803 LAMAR ST- -FORT WORTH- TEXAS-

Florida

Booklet for Investors

OUR BOOKLET, "8% and Safety," tells the story of the Orange County Building and Loan Association, located in prosperous Orlando and Orange County, Florida. Assets have grown from $11,000 to $3,340,997.81 in six years. $641,633.78 has been paid in dividends to over 3,000 stockholders. Has always paid 8%, payable semi-annually. Shares offered at par, $100, without bonus or commission of any kind. Write for booklet.

Orange County Building & Loan Assn. Orlando, Florida

New York

6% On Systematic Savings

SERIAL BUILDING LOAN & SAVINGS INSTITUTION

195 BROADWAY • 170 FULTON ST.

NEW YORK

UNDER SUPERVISION N.Y. STATE BANKING DEPT.

SEND FOR BOOKLET

5% On Save as You Please Accounts

Florida

8% and safety

This Company has the proud record of not having lost a dollar. It has always paid 8 per cent dividends, payable 2 per cent quarterly; does not employ solicitors nor charge a membership or withdrawal fee. All shares are non-assessable, sold and redeemed at par, plus declared dividends. Note our steady growth:

April 5, 1921, $0.00
March 31, 1922, $147,608.20
March 31, 1923, $272,463.58
March 31, 1924, $500,130.44
March 31, 1925, $750,097.74
March 31, 1926, $1,208,168.28
March 31, 1927, $1,557,991.60
March 31, 1928, $2,116,982.70
Mar. 31, 1929, $2,735,050.05

ALL LOANS FULLY COVERED BY WINDSTORM INSURANCE

Home Building & Loan Company

Authorized Capital $5,000,000.00

Under State Supervision

E. M. MILLER, *Sec'y-Treas.*

16-18 Laura St., Jacksonville, Florida

8% with Security Availability and Diversification

ON YOUR MAY FUNDS

OUR FULL PAID SHARES MEET EVERY REQUIREMENT OF A CONSERVATIVE AND LIQUID INVESTMENT.

8% dividends payable 2% quarterly in New York exchange if desired.

SUBSTANTIAL cash reserve insures availability. Selected first mortgages on homes provide complete security.

MONTHLY LOAN REPAYMENTS, continually reinvested, establishes thorough diversification of funds.

SHARES ARE NON-ASSESSABLE and no membership or withdrawal fees permitted. Complete fire and windstorm protection safeguards every loan.

CONSERVATIVE MANAGEMENT, state supervision and first class banking references.

THE CONFIDENCE of many conservative investors is reflected in our financial statement, sent promptly on request.

Write name and address on margin and MAIL TODAY

FORT PIERCE BUILDING & LOAN ASSOCIATION

FORT PIERCE FLORIDA

P. O. Box 1318-L

Tennessee

Double your money in 8 years with Safety

"Progressive" full participating shares now paying 2% quarterly, compounded, equal to 8¼% annually. At this rate, $1,000.00 grows to $2,000.00 in 8 years. Deposits as little as $5 monthly accepted. Under supervision State Banking Department. Full details gladly given.

Progressive Bldg. & Loan Assn.

83 Monroe Ave. Memphis, Tenn.

Financial Personalities

FOLLOWING the announcement of a plan for consolidation of the National City Bank and the Farmers Loan & Trust Company, comes the information that Charles E. Mitchell has been appointed chairman of the National City Bank and of the National City Company. Gordon S. Rentschler, who has been vice president and assistant to the president for several years, has been made president of the National City Bank, and Hugh B. Baker, associated with the National City Company since 1916, has become president of the City Company.

* * *

J. J. MANTELL, formerly vice president of the Erie Railroad, is about to enter foreign fields. He is to be consulting manager of the Chinese railways and will make a survey for the Nationalist Government of the probable costs and savings involved in the roads' reorganization of American lines.

* * *

UNDER a revision of the by-laws of the New York, New Haven & Hartford Railroad Company, E. J. Buckland, chairman of the board of directors, becomes ranking head of the company.

* * *

JOHN MUIR & COMPANY, members of the New York Stock Exchange, announce a change in address from 50 Broadway to 39 Broadway, where they occupy the entire second floor.

* * *

JAY COOKE, chairman of the road committee of the Pennsylvania Railroad, has been nominated for a position on the board of directors of the New York, New Haven & Hartford Railroad Company, in compliance with the New Haven's request that the Pennsylvania name a candidate for its board.

* * *

WILLIAM C. DURANT has again done the unusual by wiring to the officials of leading companies in representative fields asking if they regard the present market price of their securities as too high, based on present conditions and outlook. He states that he does not want the information for speculative purposes but that he believes that the Federal Reserve Board is giving the public the impression that the best securities are selling above their value.

* * *

HENRY J. COCHRAN has been elected president of the Bankers Trust Co., succeeding A. A. Tilney, who assumes the newly created position of vice chairman of the board.

Financial Notices

Dividends and Interest

The West Penn Electric Company

NOTICE OF DIVIDENDS

The Board of Directors has declared the regular quarterly dividends of one and three-quarters per cent. (1¾%) upon the 7% Cumulative Preferred Stock, and of one and one-half per cent. (1½%) upon the 6% Cumulative Preferred Stock of The West Penn Electric Company, for the quarter ending May 15, 1929, both payable on May 15, 1929, to stockholders of record at the close of business on April 20, 1929.

G. E. MURRIE, *Secretary.*

AMERICAN WATER WORKS AND ELECTRIC COMPANY

INCORPORATED

(of Delaware)

NOTICE OF DIVIDEND

A quarterly dividend of twenty-five cents (25¢) a share, payable in cash, on the common stock of the Company, has been declared payable May 15, 1929, to common stockholders of record at the close of business on May 1, 1929.

W. K. DUNBAR, *Secretary.*

EXCHANGE BUFFET CORPORATION

65th Quarterly Dividend

A dividend of 37½c per share on the Capital Stock is payable April 30th, 1929, to stockholders of record April 15th, 1929.

H. A. FREAM, Treas.

MIAMI COPPER COMPANY

61 Broadway, New York

April 1, 1929.

Dividend No. 67

The Board of Directors of Miami Copper Company have this day declared a dividend of one dollar ($1.00) per share for the quarter year ending March 31, 1929, on the capital stock of the company, payable May 15, 1929, to stockholders of record at the close of business on May 1, 1929. The transfer books of the company will not close.

SAM A. LEWISOHN, Treasurer.

INDEPENDENT OIL AND GAS COMPANY

DIVIDEND NUMBER 26

The Board of Directors has declared a dividend of Fifty (50c) cents per share on the capital stock of this Company, payable April 30th, 1929, to stockholders of record at the close of business April 15th, 1929.

JOHN E. CURRAN, Secretary.

Tulsa, Okla., March 23rd, 1929.

To Presidents:—

Create Investor Confidence

by Advertising

the Fact That

You Pay Dividends Regularly!

Dividends and Interest

COLUMBIA GAS & ELECTRIC CORPORATION

April 5, 1929.

The Board of Directors has declared this day the following quarterly dividends:

Cumulative 6% Preferred Stock Series A

No. 10, $1.50 per share

New Common Stock (no par value)

No. 10, 50¢ per share

Both dividends are payable on May 15, 1929, to shareholders of record at the close of business April 20, 1929.

Holders of certificates for old Common Stock, still outstanding at the record date, will receive the equivalent dividend but only after such certificates have been surrendered for exchange. Any scrip certificates for half shares, outstanding at the record date or issued in later exchanges, carry the proportionate share of such dividend until surrendered for exchange into new shares in accordance with their terms.

EDWARD REYNOLDS, JR.,
Vice-President & Secretary

Continental Motors Corporation

DETROIT, MICHIGAN

The board of directors has declared the regular quarterly dividend of twenty cents (20c) per share or at the rate of eighty cents (80c) per share per annum on the common stock (without nominal or par value), payable April 30, 1929, to stockholders of record on the books of the corporation at the close of business April 15, 1929. The stock transfer books will not be closed.

W. R. ANGELL,
Vice-President.

March 26, 1929

JULIUS KAYSER & CO.

A dividend of One Dollar and twenty-five cents ($1.25) per share upon the shares of the no-par-value Common Stock of JULIUS KAYSER & CO., issued and outstanding, has been declared payable May 1, 1929, to the holders of record of such stock at the close of business April 15, 1929.

Dividend checks will be forwarded by Blair & Co., Inc., Agent for the Voting Trustees, with respect to shares held under the Voting Trust, and by Guaranty Trust Company of New York with respect to shares not so held.

CHARLES J. HARDY, Secretary.

CLUETT, PEABODY & CO., INC.

COMMON STOCK DIVIDEND NO. 55

The Board of Directors has declared a quarterly dividend of One Dollar and Twenty-five Cents per share on the Common Stock of the Company payable May 1, 1929 to Stockholders of record at the close of business April 20, 1929. Check will be mailed by the Irving Trust Company of New York.

D. A. GILLESPIE, Treasurer

Troy, N. Y., April 3, 1929

SOUTHERN RAILWAY COMPANY

New York, March 7, 1929.

A dividend of two per cent (2%) on the Common Stock of Southern Railway Company has been declared payable on May 1, 1929, to stockholders of record at the close of business April 1, 1929.

Cheques in payment of this dividend will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY, Secretary.

Dividends and Interest

NCCA ORGANIZATION National Cash Credit Ass'n

New Jersey Cash Credit Corporation

Preferred Stock Dividend No. 13

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Fifteen Cents (15c) per share and a stock dividend of One Hundredth (1/100) of a share has been declared on the Preferred Stock of the Corporation, payable April 25th, 1929, to stockholders of record April 8th, 1929.

OSCAR NELSON, Treasurer.

New Jersey Cash Credit Corporation

Common Stock Dividend No. 13

The regular quarterly dividend of Fifteen Cents (15c) per share and a stock dividend of One Hundredth (1/100) of a share payable in Preferred Stock has been declared on the Common Stock of the Corporation, payable April 25th, 1929, to stockholders of record April 8th, 1929.

OSCAR NELSON, Treasurer.

Connecticut Cash Credit Corporation

Preferred Stock Dividend No. 11

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Fifteen Cents (15c) per share and a stock dividend of One Hundredth (1/100) of a share has been declared on the Preferred Stock of the Corporation, payable April 25th, 1929, to stockholders of record April 8th, 1929.

OSCAR NELSON, Treasurer.

Connecticut Cash Credit Corporation

Common Stock Dividend No. 11

The regular quarterly dividend of Fifteen Cents (15c) per share and a stock dividend of One Hundredth (1/100) of a share payable in Preferred Stock has been declared on the Common Stock of the Corporation, payable April 25th, 1929, to stockholders of record April 8th, 1929.

OSCAR NELSON, Treasurer.

Pennsylvania Cash Credit Corporation

Preferred Stock Dividend No. 9

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Fifteen Cents (15c) per share has been declared on the Preferred Stock of the Corporation, payable April 25th, 1929, to stockholders of record April 8th, 1929.

OSCAR NELSON, Treasurer.

Pennsylvania Cash Credit Corporation

Common Stock Dividend No. 9

The regular quarterly dividend of Fifteen Cents (15c) per share has been declared on the Common Stock of the Corporation, payable April 25th, 1929, to stockholders of record April 8th, 1929.

OSCAR NELSON, Treasurer.

NOTE: In the case of each Company, stock originally issued after January 25th, 1929, will receive a pro rata dividend as per resolution.

Borden's

COMMON DIVIDEND No. 77

A quarterly dividend of $1.50 per share has been declared on the outstanding common stock of this Company, payable June 1, 1929, to stockholders of record at the close of business May 15, 1929. Checks will be mailed.

The Borden Company

WM. P. MARSH, *Treasurer.*

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This rapidly growing seaport and industrial center has attracted 417 new manufacturers in 2 years!

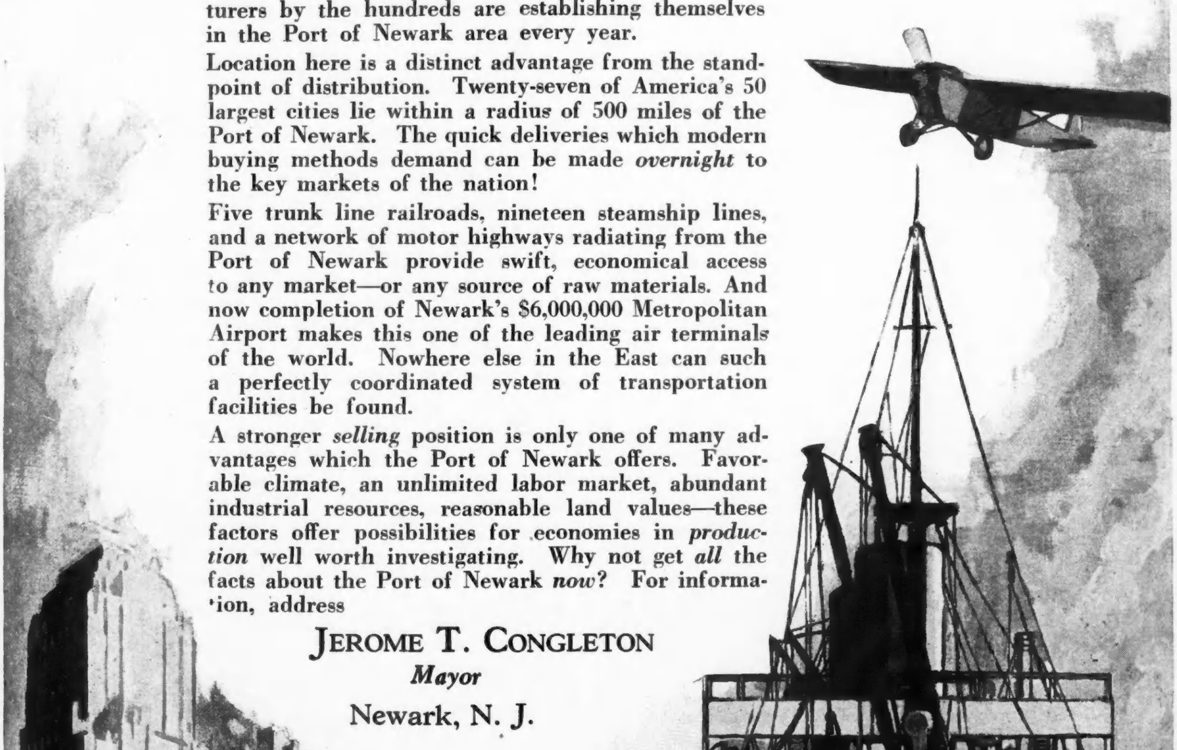
There are sound economic reasons why manufacturers by the hundreds are establishing themselves in the Port of Newark area every year.

Location here is a distinct advantage from the standpoint of distribution. Twenty-seven of America's 50 largest cities lie within a radius of 500 miles of the Port of Newark. The quick deliveries which modern buying methods demand can be made *overnight* to the key markets of the nation!

Five trunk line railroads, nineteen steamship lines, and a network of motor highways radiating from the Port of Newark provide swift, economical access to any market—or any source of raw materials. And now completion of Newark's $6,000,000 Metropolitan Airport makes this one of the leading air terminals of the world. Nowhere else in the East can such a perfectly coordinated system of transportation facilities be found.

A stronger *selling* position is only one of many advantages which the Port of Newark offers. Favorable climate, an unlimited labor market, abundant industrial resources, reasonable land values—these factors offer possibilities for economies in *production* well worth investigating. Why not get *all* the facts about the Port of Newark *now*? For information, address

JEROME T. CONGLETON
Mayor
Newark, N. J.



The PORT of NEWARK

"Where Railways, Waterways, Airways and Highways Meet"